

FINANCIAL TIMES



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World Business Newspaper <http://www.ft.com>

THURSDAY AUGUST 29 1996

Hanson moves to promote sale of demerged stock

Hanson is to set up low-cost dealing facilities for small investors who want to sell their stakes in Millennium Chemicals or Imperial Tobacco Group after the demerger in October. The arrangements are designed to facilitate a wide-ranging reshuffle of share ownership that is expected to ensue from the four-way demerger of what was once Britain's most acquisitive conglomerate. Page 11; Lex, Page 10

Declaration due on Lloyd's offer: The Lloyd's of London ruling council is expected to declare unconditional the insurance market's £2.2bn (\$4.5bn) settlement offer to its Names after acceptance exceeded 90 per cent. Lawyers for the US Names, whose court action had thrown the recovery plan into doubt in the past week, vowed to continue their fight. Page 6

Savings 'higher' from BP-Mobil merger: Cost savings from the proposed \$5bn merger of the European downstream assets of British Petroleum and Mobil of the US could be substantially higher than the pre-tax \$400-\$500m originally envisaged. Page 12

Kohl urges end to Chechnya suffering: Helmut Kohl (left), German chancellor, has urged Boris Yeltsin to end the "terrible suffering" in Chechnya in a telephone conversation with the secluded Russian leader. Mr Kohl is to visit Russia next week. The nudge from Russia's best friend and most generous bankroller in the west failed to secure an unambiguous presidential endorsement of the peacemaking efforts of Alexander Lebed, head of Russia's security council. Page 10

Chirac attempts to lift French mood: The French political year got off to an eventful start with trade union leaders stepping up their attacks on the government and President Jacques Chirac urging ministers to "pull yourselves together". Page 2

Channel price war depresses Stena: A price war in the English Channel and ship capacity problems led to deepened first-half losses at Stena Line, the world's largest ferry operator. The Swedish group said its pre-tax deficit rose from SKr350m (\$54m) to SKr500m and forecast a full-year loss of about SKr450m. Page 11

Nordic power restructuring: A rapid round of restructuring in the Nordic power generation industry continued when Electricité de France, the French state utility, sold its 10 per cent stake in Sweden's Sydskraft to Statkraft, the Norwegian state-owned generator. Page 12

Sandoz and Ciba, two Swiss pharmaceutical companies, announced interim results and put up for sale part of their US crop protection and animal health businesses in a bid to win the agreement of the US Federal Trade Commission to their planned merger into Novartis. Page 11; Lex, Page 10; Results, Page 12

Row reignites over British beef exports: UK prime minister John Major faced the prospect of renewed civil war inside his Conservative party over Europe after European Union officials warned of inevitable delays in the lifting of the ban on British beef exports. Page 10

Italy delays reform of TV regulation: Italy's government put off until next January a decision on how to reform the rules governing television broadcasting. Page 2

Sale of Austrian retailer cleared: The European Commission gave the go-ahead for Rewe, the large Germany food retailer, to buy Austria's biggest retailer, Billa. Page 2

Top Hungary hotel bought by Japanese: Intercontinental, the Japanese-owned hotel group, won its year-long battle to buy the Forum, one of the last top-class hotels in Hungary to be privatised. Page 13

British Royal marriage officially ended: The 15-year marriage of Britain's Prince Charles, the heir to the throne, and Princess Diana has officially ended after divorce procedures were finalised by a court in London.

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STOCK MARKET INDICES		GOLD	
New York: Dow Jones Ind. Av.	5,708.72 (+5.59)	New York: Gold	389.50 (394.0)
NASDAQ Composite	1,191.49 (+2.47)	London: Gold	336.50 (338.95)
Frankfurt: DAX	2,082.18 (+4.22)	Paris: Gold	336.50 (338.95)
FT-SE 100	2,918.7 (+13.28)	London: Silver	1.4783
Nikkei	20,758.81 (+200.48)	Frankfurt: Silver	1.4783
US LUNCHEON RATES		STERLING	
Federal Funds	5.75%	London: Sterling	1.5557
3-month Term Rate	5.125%	Frankfurt: Sterling	1.4777
Long Bond	5.95%	Paris: Sterling	1.4777
Yield	6.95%	London: Sterling	1.4777
OTHER RATES		STERLING	
UK 3-month Interbank	5.75%	London: Sterling	1.5557
UK 10 yr Gilt	5.75%	Frankfurt: Sterling	1.4777
France 10 yr OAT	105.80	Paris: Sterling	1.4777
Germany 10 yr Bund	98.12	London: Sterling	1.4777
Japan 10 yr JGB	98.879	Frankfurt: Sterling	1.4777
NORTH SEA OIL (Argus)		STERLING	
Brent Blend	22.61 (21.42)	London: Sterling	1.5557
		Frankfurt: Sterling	1.4777

Early rate rise unlikely ■ Report shows fall in business confidence

Doubt cast on Japan recovery

By Gerard Baker in Tokyo

The prospect of an early rise in Japanese interest rates was effectively killed off and fresh doubt cast on the strength of the country's economic recovery with the publication yesterday of a key Bank of Japan report showing a fall in the principal barometer of business confidence.

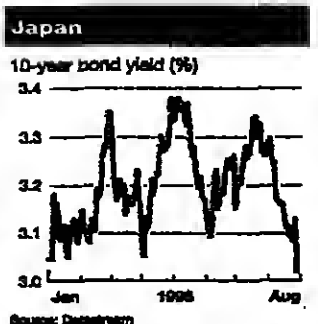
The bank's quarterly survey of short-term economic prospects or *kanjō*, showed the first decline in confidence for a year among the country's large manufacturing companies. The *kanjō* is considered by the bank to be among the most reliable indicators of immediate economic prospects and is one of the main influences on monetary policy decision-making.

The surprise fall led to a sharp rise in bond prices and a

drop in the value of the yen as dealers marked down the prospect of an early increase in short-term interest rates. But equity prices also fell reflecting renewed uncertainty about the economy's overall health.

The report revealed that the main diffusion index for business confidence among large manufacturers - the difference between companies saying their business climate was improving against those saying it was deteriorating - dropped from minus 3 in May to minus 7 this month. In May, companies had forecast a gap of zero in August, anticipating rising demand. This has clearly failed to materialise.

Most other indicators in the report suggested the economy was continuing to improve, albeit at a very sluggish pace. Non-manufacturers reported



an improvement in confidence, though it was less pronounced than had been forecast at the time of the last survey. There were also indications of small improvements throughout the economy in labour market conditions, in capital investment plans and in liquidity, with little evidence of any resurgence of inflation.

But the downturn in the most keenly watched indicator suggests that a tightening of monetary policy is unlikely without more concrete evidence of a strong and sustained recovery. For several months bond markets have been anticipating an increase in Japan's record low official discount rate of 0.5 per cent. But the official response to the survey yesterday suggested that was unlikely.

"Under current circumstances the BOJ has no intention of changing its economic assessment," said Mr Masayuki Natsushima, director of the bank's research and statistics department. "Judging from the overall data of the survey the economy remains on a mild recovery track."

The report will give further impetus to calls for another fiscal stimulus for the econ-

omy in the next month or so. The finance ministry has been opposing another package of extra spending measures for fear of exacerbating the country's fiscal condition.

Yesterday Mr Wataru Kubo, the finance minister, said it was still too early to tell whether an additional budget would be necessary. But the continuing weakness of crucial sectors suggests another injection of demand is likely. The growing probability of a general election within the next six months will do nothing to ease the pressure on the ministry to make it substantial.

The survey was conducted at the end of July and the beginning of August, when speculation of a rise in interest rates was at its height.

Lex, Page 10; Currencies, Page 17; World stocks, Page 28

Sweden 'may not join Emu at outset in 1999'

By Hugh Carnegie in Stockholm

Sweden may not be among the founding members of European monetary union at its planned start in 1999, it emerged yesterday.

Mr Eric Asbrink, the finance minister, said that joining Emu carried disadvantages as well as advantages, and that Sweden could delay a decision on membership.

His stance, outlined in a newspaper article, was supported by Mr Göran Persson, the prime minister.

Financial markets reacted immediately, seeing Mr Asbrink's comments as a retreat in the face of strong opposition to Emu among the ruling Social Democrats and the public.

Long-term bond yields rose by 100 basis points to 8.135 per cent and the krona weakened against the German mark.

"There will be opportunities for those countries that cannot or do not want to participate in monetary union from the start to join later," Mr Asbrink said.

"It is not a question of Yes or No to monetary union. It is more a question of Yes now, or No now."

Mr Asbrink also indicated there would be no early move by Sweden to fix the krona in the European exchange rate mechanism, as some had expected before the year end.

Joining the ERM had "no great significance," he said, as the system was "no longer a good indicator of exchange rate stability".

Mr Klas Eklund, chief economist at Skandinaviska Enskilda Banken and formerly an influential figure in SDP governments, said Mr Asbrink's comments were "confirmation that the government has adopted a wait-and-see attitude on Emu."

"There is strong popular sentiment against it and the government believes it can't afford the fight."

Mr Asbrink and Mr Persson

Continued on Page 10

Palestinian leader says Netanyahu's policies amount to 'declaration of war'

Arafat's strike call prompts threat by Israel

By Ilene Prusher in Jerusalem and agencies

Mr Yassir Arafat, the Palestinian leader, yesterday said Israel's policies amounted to "a declaration of war" on the Palestinian people and called the first general strike in the West Bank and Gaza in two years.

Mr Benjamin Netanyahu, Israel's prime minister, threatened to respond to the half-day strike, to be held today, "with severity".

Mr Arafat's attack follows a series of measures by Israel's three-month-old right-wing government which, he claims, have brought the Middle East peace process to the verge of collapse. Israel this week unveiled plans to build 900 new apartments in the Jewish settlement of Kiryat Sefer and on Wednesday it demolished a youth centre in disputed east Jerusalem.

In a further indication of rising Palestinian frustration, the popularly elected Palestinian Legislative Council called for a halt to contacts with Israel and the Arab League in Cairo, and appealed to the US, Russia and the European Union to help save the peace process.

Mr Arafat, president of the Palestinian Authority, asked

Palestinians to show their discontent with Mr Netanyahu's policy on settlements and Jerusalem by holding a general strike throughout the West Bank and Gaza.

The strike is a symbolic political protest since most of the area is no longer under Israeli rule. Such standstills were commonplace during the Intifada, or the uprising against Israeli occupation.

Mr Arafat also called for all Moslems throughout Israel and the Palestinian territories to go to Friday prayers at the al-Aqsa Mosque in Jerusalem's Old City, Islam's holiest site, regardless of whether they hold permits to enter Jerusalem. Israeli travel restrictions prevent most Palestinians in the West Bank and Gaza from entering Jerusalem.

Mr Netanyahu condemned Mr Arafat's remarks as provocation. "The Israeli government will react with severity to any attempt to bring about an escalation of violence that could harm the peace process," his office said.

The rise in tension follows the effective stalling of the Israeli-Palestinian peace process.

Israel has maintained that no further progress on peace-making could take place until



President Yassir Arafat attends a meeting of the Palestinian Legislative Council yesterday

PLO-affiliated offices are closed in east Jerusalem, which the Palestinians hope to have as their capital. Israel views the city as its united, indivisible capital, and Mr Netanyahu has insisted on keeping his campaign pledge to halt Palestinian inroads into Jerusalem.

World stocks, Page 28

Boost for Shanghai as Thai group plans new bank HQ

By Ted Bardock in Shanghai

CP Group, Thailand's largest industrial conglomerate and the single largest foreign investor in China, has given Shanghai's Pudong area a major boost by establishing the headquarters of a new bank, inaugurating a motorcycle factory capable of producing 400,000 units annually, and announcing plans for at least \$300m in new commercial real estate development.

Pudong, or East Shanghai, is a 500 sq km area that, despite a glut of real estate, is due to receive \$38bn in government investment over the next five years. CP Group hopes that by supporting the central government's ambitions in Pudong, it will receive increased privileges for more than 100 joint ventures it is involved in throughout China.

The new bank, TM Interna-

tional, has no offices in Thailand and is thus the first foreign-owned bank to set up its headquarters in China, as well as the second foreign bank - Fujian Bank was the first - to establish its main branch in Pudong. By doing so, TM expects to be among the first foreign banks granted permission to lend and take deposits in local currency, according to TM's president Mr Virachai Virameetkul.

Mr Yin Jie Yuan, vice-governor of China's central bank, told Thailand's Crown Princess Maha Chakri Sirindhorn, in Shanghai to preside over the bank's opening, that Chinese officials were seriously considering giving such permission soon. TM International's banking licence already gives it the right to undertake local currency transactions as soon as those transactions become legal.

TM International, with registered capital of \$100m, is a joint venture between three prominent Sino-Thai families: Ming-Thai Group of the Virameetkul family; CP and Chia Tai groups of the Chearavornont family; and Thai Farmers Bank of the Lamsam family. They hold 60, 30 and 10 per cent stakes respectively.

All three families are inter-related by marriage via their Thai-born offspring. The bank's main customers are CP Group's Chinese business interests, estimated to be worth at least \$2.5bn.

The \$70m motorcycle factory, a 50-50 joint venture of Shanghai Automotive Industry and CP Group's New York-listed Eic Chou Industry subsidiary, is the group's third in Shanghai, where it employs around 30,000. Despite falling

World stocks, Page 28

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Sale of Austrian retailer cleared

By Caroline Southey in Brussels

The European Commission yesterday gave the go-ahead for Rewe, the large Germany food retailer, to buy Austria's biggest retailer, Billa.

It said it had no "serious concerns" about the impact of the deal on competition since the acquisition would not lead to any additions in market shares.

Billa does not operate in Germany and Rewe has not previously been active in Austria.

The deal would also not lead to a dominant position by Billa in Austria, the commission said, since the group faced strong competition from the Spar group, the country's second largest retail chain.

Brussels admitted that the takeover would improve Billa's competitive position by opening the way for joint purchasing with Rewe. But there were limits to Billa's ability to exploit better purchasing conditions, it said, since the group had to accommodate local consumer habits and preferences for brands in the Austrian market.

The Commission concluded that the deal would not lead to "serious competition problems from the point of view of an increase in buying power" although it planned to watch further concentrations in the retail sector, particularly where these led to increases in buying power.

Rewe, which last year posted sales of DM48bn (\$32.2bn), is estimated to have paid more than DM1bn for Billa, which had sales of DM7bn last year and has a network of 1,800 branches.

The takeover reflects Rewe's need to look for markets outside Germany, where the retailing market, particularly in the food sector, is saturated. Austria has been a prime target for German retailers, such as DIY groups Horbach and Asko, in recent months.

Billa is Austria's biggest retailer, with 28 per cent of the market. The group also has branches in Hungary, Poland and the Czech Republic.

The acquisition by the French retailer Auchan of P&O de Açúcar of Portugal was also cleared. AFX reports. The Commission noted that both had a significant Spanish presence but said the operation would have a significant impact only around Madrid and Burgos. The combined market share was not large anywhere and there were numerous competitors.

The Commission said the acquisition of Compagnie d'Assurances Maritimes, Adriennes et Terrestres by a subsidiary of Assurances Générales de France did not fall within the scope of European Union merger regulations.

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'Pull yourselves together,' president tells his ministers as France returns from holiday



Begone dull care. President Jacques Chirac wants fewer frowns and more smiles. He had to admit yesterday, however, that the country's social and economic situation remained "difficult"

Chirac attempts to lift the national mood

By David Owen in Paris

The French political year got off to an eventful start yesterday, with trade union leaders stepping up their attacks on the government and President Jacques Chirac urging ministers to "pull yourselves together".

to "the general gloom". He acknowledged, however, that the country's social and economic situation remained "difficult" in spite of the administration's best efforts. The government's return to work had been marked by gloom, he said. "And this is true - how could it be otherwise?"

His forthright tone was echoed by Mr Alain Juppé, the prime minister, who called on ministers to "change into top gear" on the issue of jobs, while admitting that the situation would "no doubt remain difficult in coming months".

Mr Juppé said: "We are at work in an attacking spirit." He confirmed that the government would unveil its plans to cut taxes "on or around" September 10. But as the French cabinet met for the first time since the summer break, Mr Louis Vianet, secretary-general of the Communist-linked Confédération Générale du Travail, launched a scathing attack on government austerity measures. He blamed them for low growth and high unemployment.

Mr Vianet criticised the "forced march to [European] monetary union" at the expense of the workers. "France is literally suffocating under the dogmas of one-track thinking which continues unrelentingly to denounce the cost of labour as responsible for unemployment and to look for solu-

tions which put pressure on workers, pensioners and the unemployed," he said. His comments came as Ms Nicole Notat, secretary-general of the Confédération Française Démocratique du Travail, warned in an interview in Le Monde newspaper that a sense of "disenchantment" had taken hold in the country and that "the feeling of powerlessness or anger is gaining ground".

Evidence of this disenchantment came in a survey in another newspaper, La Tribune Desfossés, which suggested that the French fear a repeat of last year's wave of public-sector strikes that engulfed the country last November and December. More than three-quarters of those questioned for the poll thought it probable that the country would be hit by a similar series of strikes this year. About the same proportion were pessimistic about prospects for the French economy over the next six months. The government can ill afford a repeat of last year's crisis if it is to stand any chance of success in its attempts to cut its general financial deficit to 3 per cent of gross domestic product in 1997 in line with the Maastricht convergence criteria for European monetary union. There is already growing pessimism about its ability to hit this target.

Refugee vote opens Bosnia poll

By Laura Silber in Belgrade

The election process yesterday swung into gear in Bosnia as refugees began voting and tens of thousands of ballot boxes, pencils and voting screens were loaded on to Greek army trucks in Sarajevo to be taken to regional centres in preparation for the poll on September 14.



Refugee voting gets off to a slow start in a Belgrade polling station yesterday

But by mid-afternoon, the poll received its first blow when Bosnia's governing party, the Muslim nationalist Party of Democratic Action (SDA), urged refugees not to vote until a dispute over voter registration irregularities was resolved. The Dayton agreement allows refugees to vote where they intend to live and this was used by Serb authorities to cement their war gains.

Tens of thousands of Serb refugees have been pressed to register in areas where Muslims once comprised a majority but which are now held by Serbs. This prompted the Organisation for Security and Co-operation in Europe, which is overseeing the Bosnian elections, to postpone the municipal elections.

Bosnian Serb authorities say they will go ahead with the municipal polls, but a local official said yesterday they were unlikely to be held on the same day as the national elections, as originally planned. The OSCE has made clear it will not recognise its results.

The mechanics of the elections, which will be overseen by 1,300 OSCE supervisors and some 900 international observers, are daunting. An estimated 2.5m Bosnians, more than half of whom are refugees or internally displaced, will be eligible. At 4,400 polling stations, voters will have their hands stamped and examined under ultraviolet light to see if they have already voted. Those wanting to vote in another municipality will present Form 2, those voting in their pre-war residence will look for their names on the electoral lists.

OSCE officials are worried that this will cause long queues - and may lead to conflict when voters tire of waiting. Voters all over Bosnia will vote for the three-member rotating presidency of Bosnia-Herzegovina and the parliament of Bosnia and Herzegovina - both aimed at unifying the country's two halves: Republika Srpska, the Bosnian Serb entity, and the Muslim-Croat Federation.

Belarus edict hits imports

President Alexander Lukashenko yesterday decreed that 75 per cent of the goods on sale in all Belarus stores must be locally produced. It was the latest in a spate of Soviet-style economic decisions which observers fear are pushing the country back towards a centrally-planned economy. The Belarusian strongman has nationalised many commercial banks and imposed stringent controls on foreign exchange operations. The government news agency said Mr Lukashenko also planned to increase the tax on sales of imported goods from 10 per cent to 150 per cent. Locally produced consumer goods have been pushed out of the market by cheaper and better produced imports. The reactionary economic policies of Mr Lukashenko, who enjoys a close relationship with the Russian government, have gone hand in hand with a reversion to the authoritarian political practices of the USSR. Earlier this week, two leading opposition politicians were granted political asylum by the US. Chrystia Freeland, Moscow

Ilescu aims to make it three in a row

Romania's leader may be re-elected but his party may not, says Virginia Marsh

President Ion Ilescu, who has led Romania since the overthrow of the Ceausescu regime in 1989, yesterday launched his campaign for a third term, vowing to stamp out corruption and lead the country's drive for Euro-Atlantic integration.

"Corruption is a scourge which can and must be stopped," the 66-year-old former senior Communist told government officials, prominent businessmen, factory managers and other invited guests at Bucharest's Palace of the Children.

The president, a former youth minister who is running on the ticket of the governing Party of Social Democracy (PDSR), said that Romania had to modernise to achieve Euro-Atlantic integration, its main strategic goal, and that the public sector would have to adapt to competition.

"Efficiency is the keyword for the whole of Romanian society," he told cheering members of the party, which opinion polls suggest may face its first defeat in parliamentary elections on November 3 - the same day as the presidential contest. Romania, which endured a highly repressive regime under dictator Nicolae Ceausescu, is almost alone in the former eastern bloc in not having had a centre-right government since 1989.

Mr Ilescu, a one-time close aide of Ceausescu who fell out with the dictator in the 1970s, is the PDSR's greatest asset. A master of the grass-roots campaign, he has cultivated an image as a moderate, avuncular leader and, in a country of rampant corruption, is one of the few senior officials not accused of using his position for personal financial gain.

This has won him the respect of ordinary Romanians, especially conservative rural dwellers who make up nearly half the country's 28m inhabitants and are the bedrock of his and the party's support. Opinion polls suggest Mr Ilescu will beat Mr Emil Constantinescu, the candidate of the centre-right Democratic Convention (CDR), Romania's main opposition group, whom he defeated four years ago. But they show the CDR ahead in the parliamentary race, with the centrist Social Democratic Union (USD) third, well ahead of the small, hard-line nationalist and neo-Communist parties which have kept the PDSR's minority government in power since 1992 but have tarnished the country's image abroad.

Mr Ilescu built the PDSR from the conservative wing of the National Salvation Front, the group that took power in unclear circumstances in December 1989 and won a landslide victory - like the president - in Romania's turbulent first post-Communist elections in May 1990. The Front split in March 1992 a few months after miner-led riots, which many believe were orchestrated by Mr Ilescu and his supporters, toppled the government of Mr Petre Roman, the president's erstwhile ally, whom he accused of pursuing reform at a socially unacceptable pace.

The charismatic Mr Roman, who recently turned 50, is now running against Mr Ilescu for the presidency and heads the USD, which includes many of the technocrats who spearheaded reform from within the Front before the split. The PDSR, a populist, left-of-centre party, has been trying desperately to boost its standing since performing poorly in June's local elections, the first nationwide polls for four years. On election day, much will depend on the performance of the many small parties which polls show hovering around the 3 per cent threshold needed to get into parliament.

Mr Ilescu's instructions to the government has, belatedly, launched a campaign against corruption, making a few highly publicised arrests. It is also pushing through the final stages of a mass privatisation programme which hands out free shares to all Romanians. It has also this month frozen the price of energy, bread and some other basic goods until the end of the year, taken emergency measures to secure energy supplies for winter, and ordered a 10 per cent increase in pensions from October 1. But opposition parties are not finding it difficult to attack the government's record, especially on the economy. Despite recent increases in wages, especially in the state sector, statistics published yesterday showed that the average monthly take-home pay in July was less than three-quarters in real terms of take-home pay at the start of market-led reforms in 1990. Inflation, which last year fell below 30 per cent for the first time in six years, has rocketed this year, partly because of huge agricultural subsidies and a decision to prop up two banks embroiled in corruption scandals. Economists say it may reach 40-50 per cent by the end of the year. Opposition parties, whose internal squabbles have kept them from power in the past, say they will speed reform and give full rein to private initiative and foreign investment, which, at less than \$2bn since 1990, is well below levels elsewhere in the region.

On election day, much will depend on the performance of the many small parties which polls show hovering around the 3 per cent threshold needed to get into parliament.

Mr Strube, who is chairman of the German chemicals group BASF, said estimates from the association's 1,700 member companies showed that a "strong international orientation had proved the right course" in the first half. Total chemical sales fell about 5.5 per cent to around DM59bn (80bn).

Exports rose 7 per cent to DM52bn, while imports dropped 2 per cent to about DM31bn. Domestic demand was well below the strong level of a year earlier, prompting sharp falls in production of inorganic basic chemicals and plastics. Mr Strube said the industry employed 521,000 in the first half, about 3 per cent down on a year ago. Employee numbers were expected to remain virtually unchanged in the next six months. Sarah Althaus, Frankfurt

German machinery and plant orders rose a price-adjusted 9 per cent in July from the same month last year, the industry association reported. Domestic orders climbed 5 per cent and foreign orders 13 per cent. Leading members of the opposition Social Democratic party yesterday called for an end to military service in Germany, increasing the pressure for Europe's largest armed forces to follow other European armies, notably the French, which have decided to become professional.

Estonia set to try again Estonia will hold the next round of an inconclusive state presidential election on September 20, parliamentary officers decided yesterday after three votes in parliament this week failed to give either the incumbent, Mr Lennart Meri, or his rival, Mr Arnold Ruutel, the necessary two-thirds majority. An electoral college of all 101 MPs and 273 local government representatives will be convened in an attempt to choose a president. Both Mr Meri and Mr Ruutel will automatically be listed as candidates but the election will also be open to new contestants backed by any 21 members of the college. The winner has to secure a majority within two rounds of voting otherwise the election returns to parliament. Reuter, Tallinn

Prodi delays reform of TV regulation

By David Lane in Rome

Italy's government yesterday put off until next January a decision on how to reform the rules governing television broadcasting. It has frozen the current rules which allow Mediaset, the recently-floated television company controlled by former prime minister Silvio Berlusconi, to own three of the 12 national television channels.

In December 1994, the constitutional court declared some aspects of broadcasting legislation enacted in 1990 to be unconstitutional and gave parliament until Tuesday of this week to put the matter right. Parliament failed to meet this deadline, and yesterday Mr Romano Prodi's centre-left government issued a decree providing further breathing space. The court had recommended that the current ceiling of 25 per cent of national channels for any one company be lowered to 20. This would require Mediaset to dispose of a channel unless more were created.

The then rightwing government of Mr Berlusconi, who now leads the opposition in parliament, and Mr Lamberto Dini's technocratic administration which succeeded it, failed to find a solution. Following yesterday's cabinet meeting, Mr Antonio Maccanico, the broadcasting minister, said the unanimous cabinet decision was not the result of an agreement with the opposition. Nevertheless, the decree is seen as a compromise aimed at easing the way for its parliamentary business in the

autumn, particularly the 1997 budget and telecommunications privatisation. Mr Roberto Maroni, a Northern League politician and former home affairs minister, described the decree as a shameful contract in which the opposition had sold its parliamentary role to protect Mr Berlusconi's business. Mr Prodi said continuing the existing television licensing regime would allow time to enact reform in accordance with the court's decision. But some opposition deputies were already

claiming yesterday that the new deadline was too close, given parliament's busy autumn programme. Until the cabinet decree yesterday, Mediaset risked action by magistrates to enforce the constitutional court's ruling by blacking out one of the company's channels. Mediaset issued a brief statement saying the government had acted correctly. The company's shares, whose official price was 17,005 on 20 August, rose to 17,110 by the end of trading yesterday.

صلى الله عليه وسلم

Chairman Jiang puts together a new leadership

Chairman Jiang Zemin may not have the same ring to it as Chairman Mao, but Chinese may soon have to get used to the idea of referring to their leader by a title which had seemed destined for the "custodian of history", to use one of the late chairman's favourite phrases.

Indications that China may be moving closer to a new leadership structure with Mr Jiang, 70, assuming the role of chairman of the ruling Communist party are part of a parcel of continuing efforts to put in place a collective to guide the country into the next millennium after the demise of Deng Xiaoping, China's supreme leader.

China's rulers, at their annual conclave held at the Beidaihe beach resort east of Beijing in the hot months of July and August, swept at length on personnel issues in their efforts to solidify the leadership for the challenges ahead.

Mr Deng, who turned 82

this month, is in failing health and his departure from the scene would almost certainly unleash cross-currents as various factions sought to assert themselves. Power struggles would expose signs of leadership brittleness. It is not clear how effectively the post-Deng collective would withstand internal pressures.

The revival of the somewhat tattered title of "chairman" (Mao himself was responsible for a string of policy disasters including the Great Leap Forward and the madness of the Cultural Revolution) smacks not necessarily of self-confidence or of a forward-looking leadership. Rather it suggests an attempt to harness a brand-name from the past to serve the present and future.

Even Mao himself did not hold simultaneously the highest offices of state, party and military. Mr Jiang is president of the republic, general secretary of the party, and chairman of the Central Committee of the Chinese Communist

Tony Walker reports on the revival of Mao's title for the post-Deng era



Jiang (centre) has accommodated both hardline Li (right) and reform-minded Qiao (left)

party, and chairman of the Central Military Commission.

Practical issues also played a part in the decision to revive the party chairmanship, and two vice chairman positions. Appointment to a vice-chairmanship represents a "face-saving" for

Li Peng, the premier, who is due to retire in early 1998. The party is, in effect, helping to find the 67-year-old Mr Li a job by setting up a new structure. The other vice chairman under the proposed new structure would be Mr Qiao Guohua, 72, who is

associated with the party's liberal wing.

Mr Qiao's continuing senior role is a sign the somewhat conservative Mr Jiang did not have things all his own way in Beidaihe. Mr Qiao, a former security chief, is generally regarded as part of the "loyal opposi-

Talks should resume between the Chinese mainland and Taipei. Mr Kao Ching-yuan, vice-chairman of President Enterprises, the foods group and biggest Taiwanese investor in China, said in Beijing yesterday. Laura Tyson reports from Taipei. "If relations are kept at a low ebb, Taiwanese businessmen will lose confidence because of increased risks," Mr Kao, a senior figure in Taiwan's ruling Nationalist party, told a seminar in the Chinese capital, where he is

heading a business delegation.

Mr Li Lanqing, China's vice-premier, called on Taiwan to open direct sea and air links with China as soon as possible.

Anyone trying to place barriers on economic co-operation "is going against the will of the people on the two sides", he added, in apparent allusion to Taiwan's President Lee Teng-bui. Mr Lee recently urged a policy review of cross-strait investments, warning of economic dependency on China.

Mr Wu, 55, a former party secretary of Shanghai, served under Mr Jiang when the latter was himself party secretary. Mr Jiang was instrumental in bringing Mr Wu to the centre and for engineering his swift promotion.

Other Jiang acolytes are also being rewarded with promotion such as Mr Ding Guangen, 67, the propaganda chief, who is tipped to become a member of the standing committee of the politburo, and Mr Shao Huaze, 63, director of People's Daily, the party newspaper, who becomes a politburo member.

Both have ensured that Mr Jiang receives the sort of blanket media coverage which would reinforce among the public an impression that China's leader is omnipotent. However, their decision to dust off the title of chairman to bolster Mr Jiang's credibility may not prove to be their most sophisticated manoeuvre.

Final block on continued US troop presence is removed

Court orders leases renewed in Okinawa

By Emiko Terazono in Tokyo

Japan's Supreme Court yesterday ordered the government of Okinawa to renew leases on land occupied by US troops, removing a final obstacle for the continued presence of American soldiers on the island.

The court turned down an appeal by Mr Masahide Ota, the Okinawa governor, against a lower court ruling earlier this year instructing him to renew the leases on behalf of Okinawan landowners.

Mr Ota had opposed the ruling on the grounds that the compulsory expropriation of land was unconstitutional. "I am dismayed the court did not hear any of our serious appeals," Mr Ota said after the ruling.

The government, eager to maintain the US-Japan security ties as insurance against instability in a historically volatile region, had rejected the right of provincial authorities to block the leases.

Yesterday it welcomed the judgment. Mr Seiroku Kajiyama, chief cabinet secretary, said: "I hope Okinawa will take today's court decision into consideration and co-operate with the government."

Mr Hisuo Sonobe, the presiding judge, said though US military facilities were concentrated in Okinawa, the area only accounts for 0.6 per cent of Japan's total area. This did not mean the government's securing of

land for the US military was unconstitutional.

The ruling comes ahead of a local referendum in Okinawa on September 8 on the future of the island's bases. Political analysts said the ruling could fuel anger among Okinawans who resent the concentration of US troops in their midst.

The small southern island is host to 28,000 of the 47,000 US troops stationed in Japan; and 75 per cent of overall US military bases in the country are located in Okinawa. Emotions over the US military presence flared after the rape of an Okinawan schoolgirl by three US servicemen last September, leading to a campaign to remove all the troops.

Consequently, nearly 3,000 of the 32,000 Okinawans who lease their land to the US announced they would refuse to renew leases. Their holdings represent around a tenth of the land used by the US military in Japan. Yesterday's judgment covered 35 out of a total of 3,000 leases in Okinawa.

To defuse local resentment, the US agreed in April to return land at present occupied by an air base on Okinawa. But while the US and Japanese governments agreed to transfer airport facilities to other parts of Japan without reducing the number of troops based in Japan, various municipalities on mainland Japan have since rejected requests by the Japanese government to act as a host.

Manila tries to boost savings

By Edward Luce in Manila

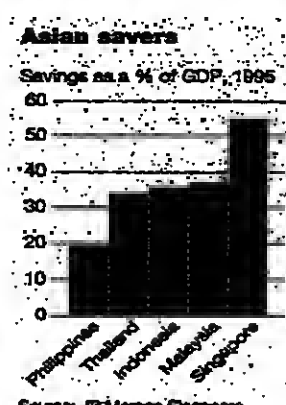
In a bid to alter what many characterise as a "spend-as-you-earn" national culture, President Fidel Ramos yesterday created a national savings commission.

The aim is to boost Philippines' domestic savings to levels registered by its more abstemious Asian neighbours.

The move falls well short of creating the compulsory savings schemes pioneered in countries such as Singapore, but is intended to help lift the Philippines' savings rate of 19.4 per cent to the regional average of over 30 per cent of gross domestic product.

Government economists say the Philippines' relatively low investment rate (23 per cent of GDP last year) is heavily constrained by a propensity to consume rather than save. Others, notably Mr Lee Kuan Yew, Singapore's senior minister, have ruffled local feathers by blaming problems such as the low savings rate on the Philippines' "consumer" democratic culture.

The new savings commission, which will be chaired by Mr Roberto de Ocampo, secretary of state for finance, will have the authority to create incentives to encourage people to save more in the formal banking system. The promotion of thrift banks, specially designed for small



savers, and a national education campaign, will be part of his remit.

"The Philippines has gone quite a long way to creating an environment for higher domestic savings by establishing fiscal responsibility after years of irresponsibility," said Mr Bernhard Eschweiler, chief economist at JP Morgan in Singapore.

"There is nothing in its culture which suggests it cannot boost its savings rate. The astonishing real estate boom the country is going through suggests its savings rate may be underestimated."

Senior Philippine bankers, including Mr George Ty, head of Metrobank, the country's largest, say the savings rate is kept down by government-imposed constraints on bank lending.

These include a 15 per cent reserve requirement and laws which compel banks to lend 40 per cent of their portfolio to small businesses and the agricultural sector.

Economists say the other significant barrier to higher savings is the country's galloping population growth which, at 2.3 per cent a year, is much faster than the rest of Asia.

Foreign investment in Indian shares slumps after budget

By Tony Tassell in Bombay

Net foreign investment in India plunged in August following a lacklustre market reaction to the United Front coalition government's first budget last month. The budget displeased advocates of faster reform, who lost out to caste and rural interests represented by the 13 members of the fractious coalition government of the prime minister, Mr H.D. Deve Gowda.

Foreign institutions made net purchases of Indian shares amounting to only \$27.6m in the first three weeks of August, according to figures released yesterday by the Indian market regulator, the Securities and Exchange Board of India (Sebi).

This is a sharp drop from the net investment of \$302.6m by foreign institutions in July and \$357m in June. Up until the end of July foreign institutions had made more than \$2.4bn of net investment since the start of the year.

However, while foreign investor interest in the domestic market has slowed down, international equity and debt offerings by Indian companies still

attracted a strong response over the past month.

Three companies - petrochemicals group Reliance Industries, industrial Credit and Investment Corporation of India, a finance house, and Tata Engineering and Locomotive - raised between them more than \$665m over the past month through issues of global depository receipts or bonds.

The market appears divided on whether the decline in foreign investor interest reflects a diversion of funds to the international issues, the effect of August holidays or a deeper malaise in the domestic Indian share market.

Sebi yesterday also announced long-awaited reforms to the country's complex takeover laws, a significant step in the liberalisation of the market. The simplification of rules was welcomed by existing laws are ambiguous, "totally chaotic" and represent a stumbling block to takeovers.

This was illustrated last year in India's first potentially competitive takeover battle in which Bombay Dyeing and Manufacturing, the Indian tex-

tiles-to-petrochemicals group, was refused permission by Sebi to make a rival offer to a bid by Torrent, a pharmaceuticals-to-power group, for a stake in Ahmedabad Electricity.

Justice P.N. Bhagwati, head of the Sebi review committee, said the proposals would make takeover regulations fairer and transparent while protecting the interests of shareholders.

Under the reforms, bidders will be able to acquire 100 per cent of a company; the ceiling is now 80 per cent. Conditional offers for a minimum of 20 per cent of a company will also be allowed. However, bidders will have to deposit 10 per cent of the offer amount in an escrow account during a bid. Mr Bhagwati said this would "discipline delinquent acquirers" to complete an offer on time and discourage "frivolous" bids.

The level of equity holding that would trigger a mandatory public offer has been maintained at 10 per cent. However, a new threshold of any "change in the control" of a company would also trigger a mandatory public offer.

New political group formed

By Gerard Baker in Tokyo

The third biggest party in Japan's coalition government splintered yesterday with the departure of its second most senior figure. Mr Yukio Hatoyama quit the New Harbinger party to form a new political group which could provoke a wider realignment of the political system.

The break-up came after the failure of last-minute talks between Mr Hatoyama and New Harbinger's leader, Mr Masayoshi Takemura, over the strategy the party should adopt in the run-up to a general election. The poll is likely to be held within the next six months.

A number of more liberal-minded members of the broadly centrist party have been pushing Mr Hatoyama to aim for a tie-up with members of the second largest coalition party, the Social Democrats, a move about which the more conservative Mr Takemura is unenthusiastic.

Mr Hatoyama is now expected to press ahead with plans to attract SDP members into his ranks and form a new party as early as next month. A handful of other members of the New Harbinger party are expected to join.

They hope a much more

widespread reshaping of political parties can now begin. Mr Hatoyama wants to attract members of the opposition New Frontier party into his ranks; significant changes are unlikely before the election, but his brother, Mr Kenji Hatoyama, a New Frontier member, has pledged support.

Many other New Frontier members are more likely to favour a reunion with their former colleagues in the Liberal Democratic party, to form a more solid conservative grouping. Mr Takemura said yesterday that, given Mr Hatoyama's decision to lead a breakaway group, "we could not find a third way".

The realignment does not immediately threaten the government of the prime minister and LDP leader, Mr Ryutaro Hashimoto, since Ryutaro Hashimoto, since even without all the New Harbinger party's deputies, the coalition has a sizeable lower house majority.

But if the new group is able to persuade a larger number of SDP members to join, the parliamentary arithmetic begins to get more complicated for the prime minister.

At present, the LDP has 206 members in the 511-seat lower house, and the SDP 83, while the full New Harbinger contingent until yesterday could muster only 23.

ASIA-PACIFIC NEWS DIGEST

Auditors face Australian case

The Australian Securities Commission has won a Federal Court appeal, allowing it to pursue a court action against Deloitte Haskins & Sells/Deloitte Ross Tomzmatz, the international accountancy firm, in its role as former auditors of the Adelaide Steamship group. Adsteam, headed by Mr John Spalvins, was one of Australia's 1980s high-flyers. The ASC says five former directors and the former auditors failed to account correctly for loans and inter-company transactions in the 1980 accounts. As a result, it claims, the reported profit was overstated by A\$518m (US\$410m), and directors allowed dividends to be paid out in breach of fiduciary duties. *Nikki Tail, Sydney*

Megawati court deal fails

The ousted leader of the Indonesian Democratic party (PDI), Ms Megawati Sukarnoputri, failed to reach an out-of-court settlement with the government and political rivals yesterday, her lawyer said. The official Antara news agency meanwhile reported that the attorney general's office had secured President Suharto's permission to question Ms Megawati further in connection with riots in Jakarta on July 27.

Police have already questioned her twice over subversion charges against activists from the left-wing People's Democratic party, whom the government has blamed for the riots, the worst in more than two decades. Ms Megawati, daughter of Indonesia's late President Sukarno, was ousted as party leader in June at a government-backed rebel congress. The riots broke out after police raided PDI headquarters to eject Ms Megawati's supporters. *Reuters, Jakarta*

Philippine Moslem rebels die

Philippine troops killed seven Moslem rebels in a gunbattle yesterday on the eve of a final round of talks to end 24 years of war in the southern Philippines. The army said members of its elite Scout Ranger special force were on patrol in South Cotabato province when guerrillas of the Moro Islamic Liberation Front opened fire on them. The MILF is a breakaway rebel faction which seeks an Islamic state in the southern Philippines.

The clash came before the initialing in Jakarta tomorrow of a peace accord by the government and the mainstream Moro National Liberation Front (MNLF). The accord proposes the setting up an MNLF-led council to administer development to 14 southern provinces and the integration of 7,500 guerrillas into the Philippine armed forces. *Reuters, Zamboanga*

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NEWS: WORLD TRADE

Mexicans defend right to invest in Cuba

By Leslie Crawford

Mr Stuart Eisenstat, the US trade envoy, met a frosty reception in Mexico yesterday as he attempts to defend the controversial Helms-Burton Act, which seeks to restrict foreign investment in Cuba, were firmly rebuffed.

Mr José Angel Gurria, foreign minister, warned the visiting US trade under-secretary that Mexico would counter the Helms-Burton Act with an "antidote law" defending the right of Mexicans to conduct business anywhere in the world, according to diplomats present at the meeting.

Mr Gurria also reminded Mr Eisenstat of Mexico's longstanding opposition to the US trade embargo against Cuba, and his support for Cuba's full participation in Latin American organisations.

Upon his arrival, Mr Eisenstat called on Mexico to defend democracy in Cuba by supporting the Helms-Burton Act. Mexican foreign ministry officials, however, said political evolution in Cuba was for Cubans to decide.

The controversial US law received another international blow this week when a panel of jurists from the Organisation of American States (OAS) unanimously ruled that the Helms-Burton Act "did not conform to international law".

The 34 members of the OAS permanent council are expected to discuss the unanimous legal opinion today.

President Bill Clinton has waived for at least six months a provision of the Helms-Burton law allowing US companies and individuals to file suits in US courts against "traffickers" in expropriated Cuban properties.

Unexpected decision creates chaos for foreign-owned assembly plants

Poland curbs car part imports

By Christopher Bobinski in Warsaw

Car producers in Poland have been thrown into chaos by the government's plan to limit car and truck assembly operations by foreign companies.

Under the new policy, the government has told existing car assemblers - including Fiat, GM, Ford and Volvo - that they can only continue to bring in components without paying duty if they obtain a special permit from the foreign trade ministry.

Until now importers of assembled cars have had to pay a 35 per cent duty, while those who assemble 1,000 vehicles or more a year have been exempted from the duty on components.

The government has said

there will be no duty-free permits for new assemblers, and all existing assembly operations will have to get special licences from January 1 1997.

They expect that this should reduce the number of assemblers from the 16 currently in operation.

The government plans to issue such licences to manufacturers which declare they will assemble more than 10,000 vehicles a year and, more crucially, treat the assembly operation as a step to full production in Poland or at least sourcing components locally.

The new orders have disorganised supplies of foreign components from abroad and is affecting the local operations of big producers like Fiat.

Company	1995	1996
Daewoo	20.5	28.1
Renault	8.9	4.9
Ford	3.0	1.8
Seat	2.4	1.1

Mr Giovanni Prato, head of Fiat Auto Poland, which makes its Cinquecento car in Blasko Hiala, warned that production would come to a halt unless the situation was resolved immediately. Fiat, which was caught by

surprise by the order, is flooding delays receiving components for the cars it produces as well as assembles in Poland.

The change in the rules saw market entrants like Hyundai of Korea racing to bring in components for the assembly of its first vehicles by midnight of August 24, when the new rules were brought in. This entitles Hyundai to claim that assembly had started by that date and therefore apply for the duty exemption.

Universal, a listed Polish company which will be assembling the cars for the Koreans, has said it plans to produce 15,000 cars within the next 12 months.

Poland's car industry is currently dominated by Fiat of Italy and Daewoo, the

Korean conglomerate. Daewoo is assembling its Nexia and Espero models in Poland as a step to full local production. Meanwhile GM, which already assembles around 10,000 Astra cars a year in Poland, is planning to start building a DM500m (\$355.5m) factory in the autumn.

Poland's car market is expected to grow to 390,000 vehicles a year in 2001. The first seven months of this year have seen sales of 230,000 vehicles, or 33 per cent more than in the same period last year. Earlier estimates put demand for this year at 290,000 cars. Fiat had 42 per cent of the market in the first seven months, while Daewoo was in second place with 20 per cent.

Defiance pays off for bikini women

Leslie Crawford reports on the silent suffering of Mexican factory workers

It was a sunny Saturday afternoon, and the managers of American United Global, a Californian manufacturer of vehicle parts, had invited the Mexican workers of their subcontractors in Tijuana to a picnic.

The female employees were ordered to strip and take part in a "bikini contest". Stung by the humiliation, but fearful of losing their jobs, the women complied. The managers then videotaped the reluctant beauty pageant.

After the picnic, 118 employees filed a sexual harassment suit before Mexican courts. They were fired from their jobs. The US managers repeatedly refused to appear before a Mexican magistrate. Undeterred, the women took their grievance to a US court. They filed suit before the Los Angeles Superior Court, claiming severance pay owed to them under Mexican law. A few months ago, American United Global settled out of court.

"Thanks to the North American Free Trade Agreement, the Mexican employees of the assembly plant had access to a US tribunal," says Mr Jaime Cota, a Tijuana labour lawyer. "The issue would never have been settled in the women's favour in a Mexican court."

The case marked a rare act of defiance for Mexico's passive, and overwhelmingly female, labour force in the maquiladora (assembly) industry on the US-Mexico border. According to a report published this month by Human Rights Watch, the US human rights group, it is more common for Mexico's maquiladora workers to suffer discrimination and sexual harassment in suits.

In the report, Human Rights Watch charges that the Mexican subsidiaries of US and Japanese corporations subject prospective female employees to mandatory pregnancy tests in order to screen out expectant women and deny them jobs. Pregnancy testing violates Mexico's labour code.

Human Rights Watch also accuses some maquiladoras of mistreating workers who become pregnant, forcing them to undertake heavy labour and work extra hours in contravention of Mexico's labour laws. "The punitive use of abusive working conditions often plays a role in forcing pregnant women

sex discrimination, and that the Mexican government allows this discrimination to flourish unchecked."

The maquiladora industry plays a vital role in the Mexican economy. Starting in the 1960s, US and Asian companies began locating along Mexico's 2,000-mile border with the US to take advantage of lower labour costs and a tariff-free regime for importing unassembled goods and exporting finished products. Today, the factories which assemble television sets and other goods employ more than 700,000 people and generate \$30bn a year in exports - 40 per cent of Mexico's foreign earnings.

Following the devastation of the peso in December 1994, Mexican wages in the maquiladora industry fell to below one-tenth of manufacturing wages in the US. Despite the huge differential, Human Rights Watch found that, as a norm, US companies in Mexico refused employment to pregnant women in order to avoid paying the 12-week maternity leave and other benefits

mandated by Mexican law. The human rights group said maquiladora workers, often the sole bread-winners of large families, were unwilling to challenge discriminatory practices because of the lack of alternative employment. Instead, female workers were more likely to conceal their pregnancies, even when their health was at risk, in order to keep their jobs.

Human Rights Watch called on the Mexican government to take action against maquiladoras which discriminated against pregnant women. It urged the US government to put pressure on Mexico to comply with its own labour laws. And it urged US corporations in Mexico to end the practice of pregnancy testing and the "harassment, intimidation and forced resignation of female employees who become pregnant".

No Guarantees: Sex Discrimination in Mexico's Maquiladora Sector. Human Rights Watch, 485 Fifth Avenue, New York, NY 10017-6104. Fax 212-972-9505

workers to resign," the report says.

Ms Dorothy Thomas, a director of Human Rights Watch, comments: "We are troubled that US and other corporations openly practise

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WORLD TRADE NEWS DIGEST

Music sales face slowdown

Sales of compact discs and cassettes are set to drop significantly in the world's largest markets, including the US, Germany, France and Japan. An analysis published today by *Music & Copyright*, a Financial Times newsletter, shows that wholesale sales in the 13 countries representing 80 per cent of the global music market rose 4 per cent, barely above inflation, to \$11.8bn during the first half of this year.

The lull in sales poses a potentially serious problem for the multinational groups that dominate the global music market, historically one of the most profitable areas of the entertainment industry. The immediate impact of the first-half slowdown is softened by the fact that sales are at a historically high level after years of healthy growth in the early 1990s when the teenage population expanded in North America and Europe, and new musical genres such as rap, grunge and Britpop emerged. Record companies can also count on continued sales growth in the fast-expanding economies of Asia and Latin America.

Sales fell in France and Canada by 3 per cent and 8 per cent respectively during the first half of 1996, according to *Music & Copyright*, and barely kept pace with inflation in the US, Japan and Germany. Even the UK market, where retail music sales soared to a record £1bn (\$1.55bn) in 1995 and rose again by 13 per cent in the first quarter of 1996, increased less than 2 per cent (below inflation) during the second quarter.

Alice Rauschorn, London

Brazil to scrap export tax

Brazil's lower house of congress has voted to abolish a value added tax on exports and investments in a move the government said would boost the country's trade performance and stimulate economic growth.

The tax, known as the ICMS, was introduced in 1967 and is collected by state governments at varying rates of up to 25 per cent. The change in the law late on Tuesday, which is expected to be endorsed by the senate this week and to take effect a month later, will cut states' revenues gradually as more goods and services become exempt over the next two years. Mr Clovis Panzarin, of São Paulo's tax office, said revenues in the state would fall by R\$40m (\$9.6m) in 1996 and by \$1.5bn a year from 2000 if economic growth continued at current levels. He expected revenues of R\$21.6bn this year. The federal government intends to pass R\$3.6bn to the states in compensation in 1996, rising to R\$4.4bn in 1999.

Jonathan Wheatley, São Paulo

ICI opens Indonesian plant

ICI Surfactants Indonesia, an Indonesian unit of the UK's Imperial Chemical Industries group, shrugged off recent political turmoil in the country and opened a manufacturing site outside the capital, Jakarta. ICI said the expansion by its surfactants unit, part of ICI's Performance Chemicals was, "the beginning of much greater involvement" in the country.

Mr Rob Margetts, executive director, said political trouble in Indonesia had not affected the company's plans to develop projects worth more than \$200m during the next three years. Concerns over Indonesia's political risk were heightened by anti-government riots which rocked Jakarta last month. Mr Margetts said ICI had carefully discounted this, and there was "an awful lot of good happening in the Indonesian economy". ICI also has plans to open a \$24m paints factory, *Mamela Sarogosa, Jakarta*

NEWS: INTERNATIONAL

Palestinians turn to protest as peace process dries up

The Palestinian Legislative Council's call for a halt to contacts with Israel, coming on top of Palestinian Authority President Yasser Arafat's announcement of a strike in the West Bank and Gaza - a measure not seen since the end of the intifada uprising - is evidence of the desperate state of the Arab-Israeli peace process.

Frustrated by the lack of progress on peace and by the headline decisions of the new Israeli government, ranging from the expansion of Jewish settlements to the demolition of a consulate in Arab East Jerusalem, anger in the Palestinian community is rising. Mr Arafat yesterday defined Israel's stance as a declaration of war on the Palestinians.

The planned strike is particularly significant in the Palestinian psyche because it evokes a key form of protest used during the intifada between 1987 and 1993, when Israel and the PLO began

hammering out an interim peace accord. Since the May election of the new Israeli prime minister, Mr Benjamin Netanyahu, who opposes a Palestinian state and has said he will not honour existing commitments to discuss the future of Arab East Jerusalem, many Palestinians have been talking of a new uprising.

Mr Arafat has been pleading with the international community to put pressure on the Israelis to resume the stalled peace process. Without much success, a beleaguered Mr Arafat even wrote an appeal to Israeli President Ezer Weizman, who agreed to meet Mr Arafat as Mr Netanyahu has so far refused to do so.

But, in the face of Israeli demands of homes, Israeli officials in East Jerusalem, expansions of Jewish settlements, and an indefinite delay in the promised Israeli redeployment from the West

Bank town of Hebron, Mr Arafat seems to have run out of options that might show Palestinians he is bringing home gains from the Israelis.

Mr Mark Heller, a political scientist at Tel Aviv University, said Mr Arafat feared becoming the target of popular protest if he did not start taking a lead. Lack of progress on peace will benefit the Islamist Hamas movement, which opposes Mr Arafat's deals with Israel.

Mr Netanyahu has been treating Mr Arafat as though he will have to wait patiently until Israel can find a way to address its security concerns in the light of the 1993 Oslo accords with the Palestinians. But several Middle East analysts said yesterday the Israeli premier was in grave danger of miscalculating the state of sentiment among Palestinians. "The problem is that no one has developed a precise kind of thermometer to measure where the boiling

point is, and Netanyahu may misread that point and wait too long, and then seriously have his back to the wall," said one.

Optimists held out hope that a meeting scheduled for today between Mr Netanyahu's political adviser, Mr Dore Gold, and Mr Arafat's envoy, Mr Abu Mazen, could produce a breakthrough that would help dissipate tensions before tomorrow, when thousands of Moslems without permits to enter Jerusalem might confront Israeli soldiers at checkpoints to attend prayers called by Mr Arafat.

Others who are less sanguine about the route Israeli-Palestinian relations have taken this week say such a meeting will have to produce something very tangible if a further deterioration and a return to violence are to be avoided. To cool off the current state of hostility, Israel would have to produce a package that might include a decision on Hebron, on a fur-



A Palestinian collects possessions from the ruins of his home after it was demolished by the Israelis because it was built without a permit.

ther easing of the closure of the West Bank and Gaza, and a date for the resumption of peace talks or a summit between Mr Netanyahu and Mr Arafat.

"This is not a slight detour," said Mr Ali Jarbawi, an expert on Palestinian

affairs at the West Bank's Bir Zeit University. "It's very essential for Arafat to do something. From the beginning the only thing that kept the peace process alive is hope in the future, and if you kill that you kill the peace process." The

strike and a possible march to Jerusalem, he said, "are a clear message to Israelis and to the world that Arafat is at this juncture: Either you help me, or things are going to deteriorate."

Irene Prusher

Further rift with Nigeria averted

By Paul Adams in London

Foreign ministers from the Commonwealth averted a further rift with Nigeria yesterday, agreeing to send senior officials to the capital Abuja after the army regime imposed restrictions on a proposed ministerial fact-finding mission.

The Commonwealth Ministerial Action Group said in London the officials would meet Nigerian counterparts tomorrow and Friday to discuss details and dates for a later visit by the ministers.

"We are sending officials so that our trip will be as productive as possible in the time available," an official said. The ministers will review the position at the end of September.

The Commonwealth suspended Nigeria as a member last November in protest at the execution of Ken Saro-Wiwa and eight other Ogoni activists, and set up an action group to monitor progress to civilian rule and investigate the plight of political prisoners. But the Nigerian regime refused to allow the mission access.

The Nigerian government rejects the Commonwealth's right to monitor its three-year transition to civil rule. It reiterated yesterday that Abuja regarded any proposed visit as merely a precursor to Nigeria's readmission into the Commonwealth.

When the action group was denied access to Nigeria, sanctions were proposed, including a ban on sporting and air links and a downgrading of diplomatic missions, but a decision on this has also been postponed.

The Commonwealth has little leverage over Africa's most populous nation, but more powerful bodies, including the European Union and the US, have looked to the Commonwealth for a lead on Nigeria, which has alienated itself internationally with its treatment of opponents and extension of army rule.

Tragi-comedy of South Africa's jobs lottery

A quick wit and a lucky face help the unemployed secure much-sought-after work, writes Mark Ashurst

Employers overwhelmed by the deluge of job seekers in South Africa have resorted to lotteries and stand-up comedy to select the best candidates from thousands of hopefuls pursuing every new post.

New vacancies are so oversubscribed that Anglo American subsidiary NF Die Casting recently chose a horse racing stadium as its venue for a lottery to recruit 80 new staff. And the city's newest luxury hotel, the Rosebank Hyatt, claims to have chosen personnel on the strength of a quality raffle found in the South African service industry: a sense of humour.

A well-timed joke carries a special premium in a job market where the odds of success are about 1 in 1,000. More than 7,000 people applied for work at NF Die Casting last month, while the Hyatt received 20,000 written applications for just 200 vacancies.

According to official surveys, 33 per cent of South Africa's poten-

tial workforce is unemployed. But this figure counts as employed any person paid for a few hours of informal labour in the month prior to the survey. If the definition were confined to people working longer hours, or paying tax in the formal economy, the jobless total would be closer to 50 per cent.

This abundance is not, however, an embarrassment of riches for employers. In such desperate social straits, the task of recruitment is daunting, and can be fatal.

New workers at NF Die Casting were taken on only last month, weeks before work began on a new contract to export cylinder heads for Ford cars. The decision to hire at the 11th hour was a safety precaution after an earlier attempt was ambushed by armed gunmen.

On January 29, men wielding assault rifles opened fire on 2,000 jobseekers queuing outside the Johannesburg factory, killing

eight. The motive remains a mystery, but there is consensus that fierce competition for jobs and trade union rivalry were contributing factors.

Anger among employees opposed to the introduction of new recruits, enabling round-the-clock operations at the expense of overtime payments for existing staff, has also been mooted as a source of strife.

"We analysed the process very carefully before advertising the posts again in July," says Mr Robert Smook, human resources director, who eventually opted for what he terms a "ballot" to select a short-list of 500 candidates. The winners subsequently take aptitude tests, reducing their numbers to a pool of 200 from which management makes a final choice.

"One of our greatest fears was that the violence in January was politically inspired. We have agreed the terms of the ballot with the unions and they monitor

the process continuously. It's basically a lucky draw," says Mr Smook.

This elaborate process has been nicknamed "Zama, Zama" - the Zulu phrase meaning lottery - by local people. As a precaution, the ballot was held at the Newmarket Race Course in Johannesburg's southern suburbs, where the 7,000 applicants filed one by one through turnstiles under the scrutiny of riot police.

"Newmarket offered the stadium free of charge to the community which keeps them in business," says Mr Smook.

In contrast, recruitment for the Hyatt hotel sparked a surge in impromptu business among local entrepreneurs. Mr Robert Dawson, hotel manager, recalls driving to work on the day application forms became available to find "at least a thousand people" snaked around the new hotel.

A day later, the length of the queue had doubled after drivers of minibuses taxis in Soweto adver-

ised round trips to the hotel for R20 (\$4.40) a head. Early arrivals reclaimed their investment by selling photocopied application forms for R15 to people at the tail of the queue.

The flood of applicants was no surprise. During the year it took to build the hotel, an average of 20 job seekers daily found their way to the manager's unmarked temporary office in the darkest corner of the building site. Mr Dawson was impressed by their entrepreneurialism, exemplified by the uniformed men patrolling his hotel car park. "Private security guards had hired themselves out to taxi drivers to stop people from pushing ahead of their clients in the queue."

In such a frenzied labour market, employers become reluctant to advertise jobs. But, says Mr Smook, "You can't just take people off the streets - you get accused of nepotism if you ask a guy on a production line to

سكنا من الالاه

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, and change. Includes sub-sections for -V-, -W-, -U-, -X-Y-Z-, and -T-.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, and change. Includes sub-sections for -L-, -M-, -N-, -O-, -P-Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-Y-Z-, and -Z-.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, and change.

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Handwritten text in Arabic script: 'ص.ك.ا.م.ن.الاصح'

COMPANIES AND FINANCE: EUROPE

ISS to sell 75% stake in loss-making US unit

By Hilary Barnes in Copenhagen

ISS, the Denmark-based international contract cleaning group, has signed a letter of intent to sell 75 per cent of its loss-making US subsidiary, ISS Inc, to a company owned by Mr Michael Ashcroft...

The group's existence was threatened by \$146m in charges and provisions to cover false accounting, under-statement of self-insurance provisions and under-statement of accruals over several years at ISS Inc in New York.

Discussions are also taking place to consider placing ISS Brazil under the control of the North American company, with a view to creating an American regional group.

Mr O'Halloran joined ISS in 1989 from ADT, Mr Ashcroft's Anglo-American security, cleaning and car caution business, when three ISS companies were sold to ADT in the UK.

well as letters of credit worth \$120m, will be taken over by the new company. The agreement will also, he said, enable ISS to retain its global corporate identity, while the financial relief to the parent company will mean that the healthy parts of the business in Scandinavia and Europe will have the resources to expand.

On October 1 last year, following in the footsteps of ISS's legendary founder, Mr Poul Andreassen, who built the business up into the world's leading contract cleaning company with some 120,000 employees in Europe, Brazil, North America and Asia.

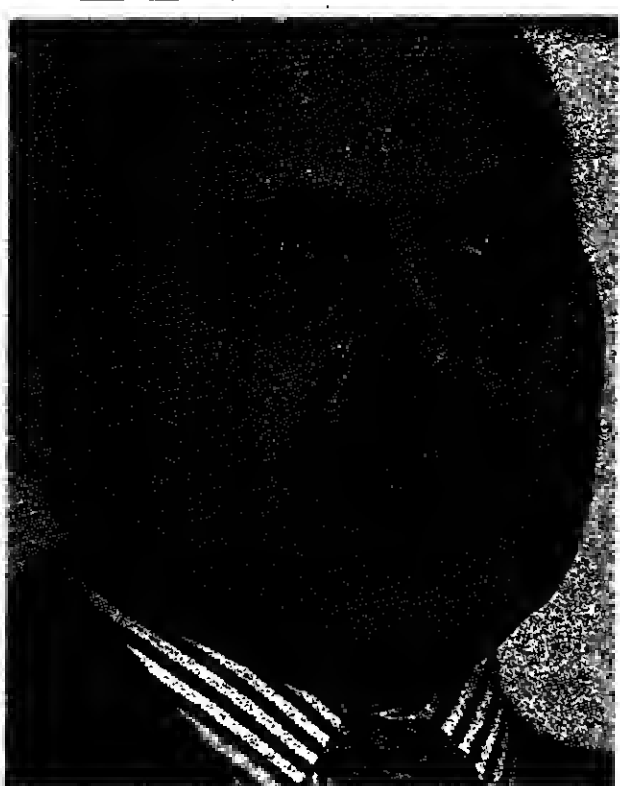
Savings from BP-Mobil merger 'higher than seen'

By Robert Corzine in Stavanger

Cost savings from the proposed \$52m merger of the European downstream assets of British Petroleum and Mobil of the US could be substantially higher than the pre-tax \$400-\$500m originally envisaged.

BP and Mobil over the pace of the merger. "We both said let's go as fast as we can," he said, although there could be no "short cuts" in the process of consulting employee works councils in a number of continental countries.

John Browne, BP chief executive, was willing to "let corporate egos get in the way". Mr Noto confirmed that the European merger was a test bed for wider co-operation between BP and Mobil.



Lucio Noto: expects to realise most of the savings next year

Associate holdings lift Jyske Bank

By Hilary Barnes in Copenhagen

Pre-tax earnings at Jyske Bank, the fourth-ranking Danish bank, increased from Dkr246m to Dkr492m (\$66.3m) in the half-year to June 30.

Ciba and Sandoz disappoint before merger

By William Hall in Zurich

Ciba and Sandoz, the Swiss pharmaceutical groups in the process of merging to become Novartis, yesterday reported a disappointing set of half-year results.

announced a 14 per cent rise in its first-half net income to SF764m. Sandoz experienced continued strong growth in its core pharmaceutical side, where sales rose 10 per cent to SF2.85bn and operating income rose 15 per cent to SF966m.

per cent and sales of new products, including the cancer drugs Aredia and Lantana, as well as the anti-asthmatic Foradil, more than doubled.

management decision to increase the US market share of Gerber in infant and baby nutrition.

position "is not as good as we would like it to be". BP is heavily involved in the area but it has done so mainly through partnerships with Shell, the Anglo-Dutch oil group.

EdF ends its involvement in Sweden's Sydkraft

By Hugh Carnegie in Stockholm

A rapid round of restructuring in the Nordic power generation industry continued yesterday when Electricite de France, the French state utility, sold its 10 per cent stake in Sweden's Sydkraft to Statkraft, the Norwegian state-owned generator.

EdF's decision to retreat from Sydkraft followed its move in April to secure control of Grange, another Swedish producer.

EdF bought into Sydkraft, one of Sweden's top three producers, in 1994 but was never regarded as a welcome partner and never won a place on the board.

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Adecco hopes to lay the ghost of Blue Arrow disaster

Newly-merged group looks set to rival Manpower of the US in the temporary employment sector, reports William Hall

The history of cross-border mergers is littered with grand ideas that failed to live up to expectations. Hence there should be some scepticism when shares in Adecco, the temporary-employment agency formed from the merger of Adia of Switzerland and Ecco of France, start trading this morning.

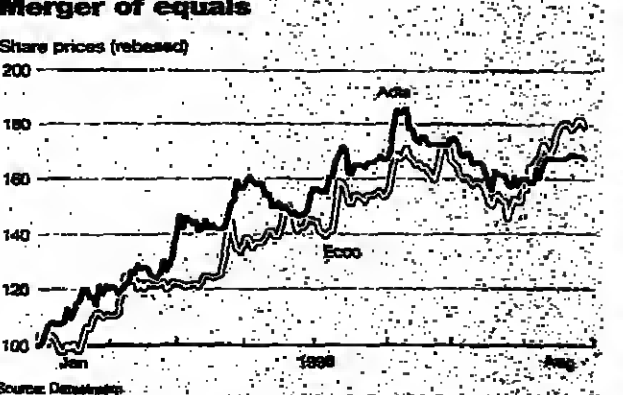
Rotating the leadership on an annual basis might be an ideal way to run a country like Switzerland. However as ABB, the Swiss/Swedish industrial giant, has discovered, having one chairman is better, in the long run, than two.

City in California while the group's headquarters are in Lausanne, Switzerland, and the operational centre for western Europe will be in Lyons, France.

power of the US, the market leader. Ecco, the bigger and more profitable of the two companies, is leader in the French market, the second-biggest market for temporary employment services after the US.

Mr John Bowmer, Adecco's British chief executive, says that the market for temporary employment staff tends to grow at four to five times the rate of GDP growth.

Mr Simon Marshall-Lockyer, of NatWest Markets in Zurich, calculates that the shares are now trading at an estimated premium of between 10 per cent and 20 per cent above Manpower, which earns the bulk of its profits in France, has not released its latest profit figures but its first-half revenues rose 8 per cent.



Merger of equals. Share prices (rebased) 200 180 160 140 120 100 1993 1994 1995 1996

NEWS DIGEST

Koor rises 25.5% in second quarter

Koor Industries, Israel's largest holding group, yesterday said net profit in the second fiscal quarter of 1996 jumped 25.5 per cent from Shk152m to Shk191m (\$61m). The rise brought net profit for the first half of 1996 from Shk335m in the year-earlier period to Shk392m, a 15.6 per cent increase.

BolsWessanen falls mid-term

BolsWessanen, the Dutch food and beverages group, yesterday reported a 21 per cent decline in first-half net profit from Fl87.9m to Fl63.5m (\$28.3m), on roughly unchanged sales of Fl2.24bn. In line with earlier warnings, the profit included a one-off Fl5.4m book loss in connection with the sale of its Strothmann spirits unit in Germany.

Hungarian move for Santander

Banco Santander, the Spanish banking group, has made its first foray into central Europe by taking a stake in Inter-Europa Bank of Hungary. It said it had already bought 5.3 per cent and intended to increase its participation to 9.9 per cent by the end of the year.

Wolters Kluwer in US buy

Wolters Kluwer, the Dutch business, tax, and legal publisher, yesterday announced plans to take control of the professional publishing business of Little, Brown and Company, now a division of the Time Warner group in the US, but declined to provide financial details.

Credit Foncier shares suspended

Trading in shares of Credit Foncier de France has been suspended until further notice. Bourse authority SBF said the suspension will remain in effect until bourse regulator CBV has announced its decision on the bid by Caisse des Depots et Consignations, which has bid FF70 a share for each Credit Foncier share on behalf of the government.

Revamp at Metallgesellschaft

Metallgesellschaft said it will merge all of its engineering units into its Lurgi division in order to co-ordinate its activities and make use of synergies. The company said the enlarged Lurgi division will comprise the three Lurgi units, as well as the Zimmer and Lentjes units. The merged division is expected to report sales of about DM4bn (\$2.7bn) for 1996.

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صحة من الامل

COMPANIES AND FINANCE: ASIA-PACIFIC/THE AMERICAS

Diverse results for Australian mining groups

By Nikki Tait in Sydney
Pascimco, the Australian zinc and lead producer, yesterday produced one of the strongest performances among a clutch of the country's mining groups reporting their annual financial results yesterday.

tax were up from A\$54m to A\$88m, while sales totalled A\$1.32bn, compared with A\$1.22bn previously.

Metal Exchange would probably limit the scope for price rises. However, it said the price for lead had been strong, and its outlook "continues to be buoyant".

revised its prediction to A\$5m-A\$13m in April this year. Goldfields also warned that its after-tax profit in 1995-7 would probably fall into the A\$20m-A\$25m range - again, well down on the A\$30m-A\$40m predicted during the Pancontinental battle.

at the large Porgera gold mines in Papua New Guinea, in which it has a 25 per cent interest.

crest said it expected a small increase in total output, to 556,000-590,000 ounces, but pointed out this would represent a significant increase from the Telfer mine, since the Ora Banda mine has now been sold, and would not contribute. It said the sale, plus efficiency gains at Telfer, should produce some improvement in costs.

TVB hurt by slower growth in advertising

By Louise Lucas in Hong Kong
TVB, the Hong Kong-based broadcasting group, yesterday reported a 5.9 per cent drop in interim earnings from HK\$189m at the half-year stage last year to HK\$177.96m (US\$24.4m) for the six months to June 30.

The group suffered a squeeze in profit margins, and did not see the expected growth in advertising revenues - although advertising income was up on the same period last year. Around 80 per cent of TVB's profits comes from the domestic market, although management is aiming to expand its overseas operations to a level where they contribute 50 per cent of profits.

Apart from programme licensing, the company's main source of international earnings is now its Taiwan cable TV channel, which broke even in July last year and which, according to analysts, will contribute \$3m in the current year.

Top Hungary hotel bought by Japanese

By Virginia Marsh in Budapest
Intercinental, the Japanese-owned hotel group, yesterday won the year-long battle to buy the Forum, one of the last top-class hotels in Hungary to be privatised.

PCs for the dedicated user



Stacks of choice: but most PCs are too complex in use, too expensive, and yet too general, Acer believes

Mr Stan Shih, chairman of Acer, believes he has an answer to the age-old problem of computer users who find their costly state-of-the-art machines hard to use.

Acer's information appliances will integrate computer and consumer electronics

use and simple to maintain, Mr Shih says. "The Acer philosophy is very simple - take the basic PC architecture, repackaging it, then it can be enjoyed by more people."

Basic, a \$500 personal-computer network computer with Internet access using television as monitor, introduced in Taiwan in June, Acer-Basic will be targeted at first-time buyers in developing countries.

Lippo's founders may sell bank stake

By Marcella Saragosa in Jakarta
Concerns have arisen over whether the founding shareholders of Lippo Group, one of Indonesia's largest conglomerates, are selling their stake in the group's flagship listed company, Lippo Bank.

Yesterday's announcement comes after the founding shareholders - the Riady family - sold 8.6 per cent of their stake in Lippo Bank in a private placement in February this year, a move which is believed to have reduced the family's stake in the bank to about 40 per cent.

NEWS DIGEST

CompuServe spin-off delayed

H&R Block, the US tax preparation and financial services company, is delaying the planned spin-off of its CompuServe online service to shareholders because of losses at the company and uncertainties in the online service industry.

Digital to float Internet arm

Digital Equipment, the US based computer group, said it would spin-off its Internet division, AltaVista Internet Software, in an initial public offering worth up to \$50m.

Philip Morris raises dividend

Philip Morris, the biggest US tobacco company, yesterday rewarded investors who had stood by it during recent crises by raising its dividend 20 per cent, from \$1 to \$1.20 a quarter.

Fletcher profits up 5.6%

Fletcher Challenge, the New Zealand forestry and energy group, increased second-half consolidated group profits by 5.6 per cent from NZ\$494m a year ago to NZ\$499m (US\$389m) in the year to June 30.

Burns Phil floods 28%

Burns Phil, the Australian food ingredients group, yesterday announced a 28 per cent slump in after-tax profits in the year to end-June, making A\$74.8m (US\$58.8m) before abnormal, compared with A\$104.1m a year ago.

ASX to levy listing fee

The Australian Stock Exchange is to add a 3 per cent levy to annual listing fees in 1997 and 1998, with the estimated 5.1m raised going to fund efforts to harmonise the country's accounting standards with international Accounting Standards.

Optus records first full-year profit

By Nikki Tait in Sydney
Optus Communications, the Australian telecommunications group which is looking for a stock market flotation later this year, yesterday unveiled its first full-year profit, making A\$60.3m (US\$47.6m) before tax.

company competes with the government-owned Telstra group in the long-distance market, and is one of three carriers licensed to supply mobile services.

Mr Zygmunt Switkowski, chief executive, said plans for a stock market float this year were on course. He said 600m-800m shares would probably be offered.

It is still unclear what share - if any - will be sold by Optus to other current shareholders. They include the UK's Cable and Wireless, and BellSouth of the US.

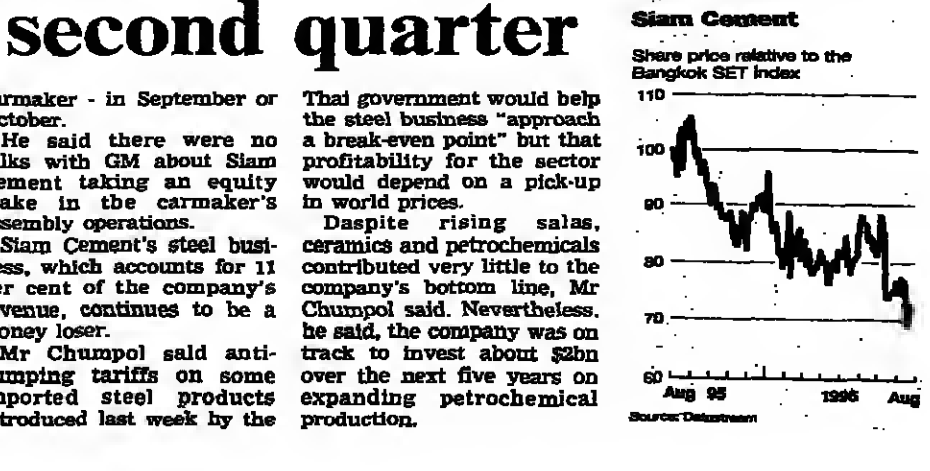
Siam Cement ahead despite slow second quarter

By Ted Bardacke in Bangkok
Siam Cement, Thailand's largest industrial conglomerate, reported consolidated net profit for the first half of 1996 up 12 per cent on the same period last year to Bt4.34bn (\$172m).

analysts said the results were better than expected, especially in the core cement business, for concrete and public sector customers, saw a 69 per cent revenue gain, to A\$233m.

Interest on this cash, much of it borrowed cheaply from overseas but converted to Baht and deposited at high domestic rates, helped smooth out earnings. One-off earnings from land sales also helped keep profits up, analysts said.

That government would help the steel business "approach a break-even point" but that profitability for the sector would depend on a pick-up in world prices.



COMPANIES AND FINANCE: UK

Fund buys into 'diabolical' Hambros

By Nicholas Denton

Regent Pacific, better known as a vulture fund bidding for distressed investment trusts, has bought 3 per cent of Hambros and put pressure on the UK merchant bank to improve its "diabolical" record.

The aggressive Hong Kong-based investor, run by Mr Jim Mellon and his father Sir James, notified Hambros yesterday about

the stake and called for a meeting to discuss the bank's strategy.

"Hambros appears to us to be an undervalued and undermanaged enterprise," said Mr Mellon. "Over the last 10 years, these shares have been diabolical."

Mr Mellon said Hambros needed to shift its capital towards more lucrative areas such as corporate finance and fund management.

Regent Pacific also critic-

ised Hambros' "beautifully decorated" board, which includes the Hon Edward Adams, former private secretary to the Prince of Wales, and Lord Kingsdown, former governor of the Bank of England.

Sir Chips Keswick, Hambros chief executive, said: "If he wants to be gratuitously rude to people he has never met, that is his business."

People close to the bank

said Regent Pacific was too late because Hambros, one of the last independent UK merchant banks, this year concluded a review and decided to scale back its unprofitable lending.

Mr Mellon owns about 25 per cent of Regent Pacific and other managers about 16 per cent. Institutions such as Equitable Life, Tokyo Marine & Fire, Daewoo, Nomura and Harvard University own the remainder.

From its Asian base Regent Pacific has built up a fund management business in the former Soviet Union and only came to the attention of the City of London with its hostile bid for GT Chile, a distressed investment trust.

A fund managed by Regent Pacific also triggered the current battle for control of Kepit, the underperforming privatisation fund set up by Kleinwort Benson.

GEC may face revolt on Simpson

By William Lewis

General Electric Company is facing a revolt by institutional shareholders over the remuneration package it has awarded to Mr George Simpson, who takes over as managing director next month.

Norwich Union said yesterday it was considering voting against Mr Simpson's appointment to the board at GEC's annual meeting on September 6.

"We are waiting to speak to the company before deciding how to vote," said Ms Anita Skipper of Norwich Union. "On principle if we feel that the arrangements are not suitable we consider voting against the appointment of directors," she said.

Four other shareholders said privately they were considering voting against.

The London Stock Exchange is thought to be examining whether the way in which GEC disclosed details of Mr Simpson's package breached its listing rules. Shareholders have complained that documents sent to them ahead of next week's annual meeting failed to mention the terms of Mr Simpson's package.

It consists of annual remuneration of up to £1.5m (£2.32m) including pension contributions, plus a complicated share option grant. His basic pay of £600,000 cannot be reduced.

Yesterday Norwich Union and other institutional investors said that their main concern was that the share price target GEC had to meet before Mr Simpson was able to profit from a complicated phantom share option scheme was not tough enough.

The company said yesterday that it could not make any comment.

Provisions put WH Smith £195m into loss

By Christopher Price

WH Smith, the high street retailer, yesterday reported its first loss in 204 years of trading as it made large provisions for restructuring and on the sale of non-core businesses.

The company, which has been undergoing a rationalisation initiated by new chief executive Mr Bill Cockburn, announced annual pre-tax losses of £194.7m (£302m) against profits of £100.5m for the 53 weeks to June 30, 1995. Turnover rose 5 per cent to £2.83bn. Pre-tax profits from continuing operations fell 14 per cent to £98.8m.

Mr Cockburn said the results were "clearly inadequate" but improvements from the restructuring should start to be seen this year. "We are only in the foothills and have a mountain to climb; it could take three or four years before we realise our real potential."

WH Smith issued two profit warnings last year as it suffered a downturn across a

range of businesses. Mr Cockburn, formerly chief executive of the Post Office, was brought in at the start of the year to rejuvenate the retailer.

Of the losses, £161.5m related to goodwill write-offs, chiefly on the Do It All home improvement chain, which was sold at a loss to Boots. WH Smith's partner in the venture, a further £132m has been set aside for exceptional items, such as stock write-offs and redundancies - 1,000 jobs have been cut from 34,000. Costs had been reduced by 6 per cent as a result of the rationalisation.

The UK retail side, mainly the 549 high street stores, experienced a 27 per cent fall in operating profits, largely as a result of reorganising the head office and the distribution system. Turnover rose 3 per cent to £926.9m. Book sales were 7 per cent higher and largely offset any cut in prices from the end of the Net Book Agreement.

Wholesaling also incurred



Bill Cockburn, left, with Jeremy Hardie, chairman

reorganisation costs and margins were squeezed following the renegotiation of some contracts. Profits fell 9 per cent to £27.9m.

Waterstone's, the book retailer, lifted profits 47 per cent to £12.8m. WH Smith intends to add 26 stores to its existing 100 over the next three years. The Virgin Om Price music stores raised profits 41 per cent to £15m.

In the US retail business, which is concentrated in airports and hotels, profits

edged up to £14.3m. New contracts had recently been won at a large Las Vegas hotel, as well as Atlanta and Las Vegas airports.

Profits at The Wall, the US shopping mall-based music chain, declined 97 per cent to £4.8m, hit by out-of-town discount stores, mail order operators and a lacklustre record market. Mr Cockburn predicted a "big shake-out" for the sector but said: "We would be mad to sell at this time."

FKI to acquire Marelli Motori

By Tim Burt

FKI, the engineering group, yesterday said it was buying Nuova Marelli Motori, the Italian motor and alternator manufacturer, for a total of £123m (£81m) and hinted at further bolt-ons in the coming weeks.

The company, which earlier this summer suggested it could spend up to £300m on acquisitions, pointed to further deals in the automotive components and material handling sectors.

Mr Eric Bowers, finance director, said Marelli was one of five possible targets that FKI had been stalking.

After six months of talks, the UK group has agreed to pay £123m in cash for the business - owned by US investment funds Mutual Discovery and Wexford Management LLC - while assuming its £1.2bn debts.

Mr Bowers said the deal would be funded from FKI's £120m multi-currency loan facility and predicted it would be earnings enhancing from the outset.

The Italian company last year reported underlying operating profits of £14m on sales of £132.7m, with net assets put at £39.2m.

On completion, the acquisition should leave FKI with net borrowings of £20m to give relatively modest gearing of about 10 per cent.

Marelli will be integrated into FKI's engineering division, which contributed £18.6m to operating profits of £95.8m in the year to March 31.

Its customers include makers of fork lift truck and industrial pumps, although FKI said no single customer represented more than 10 per cent of its turnover.

The UK group plans to distribute Marelli's low voltage electric motors and alternators through its existing international dealer network, while using the company's Italian outlets to promote products made by FKI's Lawrence Scott motors subsidiary.

Mr Bowers said the two companies were complementary and there was little need for a large-scale restructuring to avoid areas of overlap. "Marelli is an excellent addition to our engineering group and will also strengthen significantly FKI's presence in southern Europe."

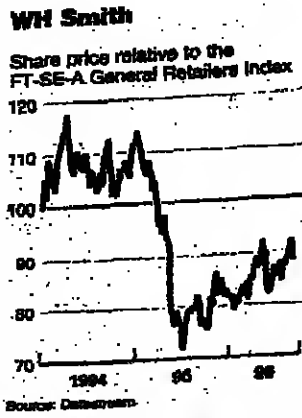
FKI shares fell 1½p to 186p in thin trading.

LEX COMMENT WH Smith

If presiding over WH Smith's first loss in 204 years was a humbling task, Mr Bill Cockburn at least had the consolation that investors have faith in his initiatives. Since taking over in January, he has engineered a radical restructuring and been rewarded with a 20 per cent rise in the share price, which a new structure in place, Mr Cockburn must now show that it can deliver. The key is whether he can boost performance at the core high street retail business. Cutting the number of product lines and improving relations with suppliers augur well. But the main challenge is to convert browsers into spenders. Nearly 40 per cent of people entering the store fail to spend any money.

There are two risks to the recovery scenario. In the short term, a dearth of good music and video releases could hit profits. Further out, sceptics argue that the generalist high street retailer has no future. This seems too pessimistic. The gap between specialist stores and supermarkets is too wide to be left unoccupied. Most shoppers still consider WH Smith a core element of the high street.

On a forward multiple of about 17, a premium to the market of 20 per cent, it is not easy to recommend the shares. This is no more than the sector average, but investors should wait for signs that good strategy is translating into better profits rather than taking Mr Cockburn at his word.



Hanson unveils demerger terms

By Ross Tieman

Hanson is to set up low-cost dealing facilities for small investors who want to sell their stakes in Millennium Chemicals or Imperial Tobacco Group after the demerger in October.

The arrangements are designed to facilitate a wide-ranging reshuffle of share ownership that is expected to ensue from the four-way demerger of what was once Britain's most acquisitive conglomerate.

Listing particulars for Millennium and Imperial, published yesterday, give the first breakdown of demerger terms.

Hanson shareholders will receive one Imperial share for every 10 Hanson shares they own, and one Millennium share for every 70.

American investors will get one American Depository Share (ADS) in Imperial for every four ADSs they own in Hanson, and one Millennium ADS for every 14 in Hanson.

Low-cost dealing for those wanting to sell or add to

their holdings will be available for 60 days to investors who receive fewer than 700 Imperial shares or 100 Millennium shares.

Because Millennium is to be based in Delaware, and listed in New York, many British investors are expected to sell. Many US investors are also expected to dispose of their holdings in Imperial, Britain's second-biggest cigarette company. In an effort to stem the flow, Imperial shares will be traded in American Depository Receipt form, as well as in London.

Share register instability is likely to be compounded by the reduction in dividend pay-outs. The demerger companies will retain more earnings to invest in their businesses in a drive to accelerate growth.

Imperial yesterday indicated that it plans a "progressive" dividend policy. Millennium, meantime, will pay a quarterly cash dividend of 60c, starting in the first quarter of 1997.

Hanson shares eased 1p to 161p.

RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Total for year	Total next year
Bechtel	58.4	(52.3)	3.25	(0.95)	21.8	(4.5)	7.8	10.2
Belcanco	1.46	(2.14)	0.98	(0.96)	9.53	(0.61)	11	-
Carbor	34.9	(38.6)	4.96	(2.29)	7.11	(0.95)	2.1	-
Chesapeake	22.8	(21)	2.62	(2.58)	1	(1)	0.3	-
Donwick Hunter	25.7	(21.7)	4.22	(3.41)	8.35	(6.83)	2.88	0.83
Gibbs & Handy	14.2	(13.4)	0.502	(0.476)	4.3	(4.2)	1.5	3.5
Guthrie Post	41.2	(30.5)	11.2	(6.87)	1.281	(1.02)	-	0.2
Intrak	27.2	(18.4)	1.16	(0.894)	1.881	(0.79)	0.6	0.9
Johnston Press	25.7	(48.5)	12.89	(12.24)	6.62	(4.05)	0.759	2.23
Kalon	276.6	(114.8)	19.8	(11.5)	3.71	(4.88)	1.7	4.94
Polysar	0.063	(-)	0.508	(-)	4L	(-)	-	-
Provident Financial	208.7	(219.5)	47.5	(41.1)	11.77	(10.25)	8.5	14
Surrey	2,828	(2,889)	194.74	(103.94)	71.4	(23.8)	10.4	15.65
Shire	83	(48.9)	4.26	(3.11)	14.2	(14.2)	3.5	1.8
Surrey Free Zone	12.61	(11.5)	1.19	(0.813)	11.8	(8.4)	1.25	2.25
Investment Trusts	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total next year
Equit	137.92	(107.89)	0.346	(0.486)	1.21	(1.63)	1.5	1.5
Joe	289.51	(239.33)	0.826	(0.828)	12.79	(12.78)	3.61	13.25

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. After stock. SJS currency. Distribution of 20 cents paid post balance sheet date. *Comparatives restated. †On increased capital. ‡Adjusted for change in capital structure on flotation. ‡Excludes 10p special. †Excludes after dividend by scrip issue. ‡Pro Forma.

fortis AG

Notice of the Extraordinary General Meeting to be held on Monday, 16 September 1996

As the quorum required by law cannot be attained, taking into account the number of shares deposited and the number of intentions expressed of taking part in the Extraordinary General Meeting of shareholders called for 30 August 1996, this meeting will not be able to deliberate and decide validly on the items contained in its agenda. A second Extraordinary General Meeting must therefore be convened.

The Extraordinary General Meeting

will be held on Monday, 16 September 1996, at 11:00 a.m., at rue du Port Neuf, 17, 1000 Brussels Belgium.

- Agenda**
- Buyer's option granted by Fortis AG to Fortis AMEV
 - Amendments of the Articles of Association
 - Authorised capital
 - Acquisition and disposal of own shares
 - Amendment of the date of the holding of the General Meeting

Attendance to the meeting
To take part in the meeting, shareholders must conform with the provisions of Articles 23 and 23 of the Articles of Association:
Owners of bearer shares are requested to deposit their shares at the company's registered office or at one of the banks mentioned below, no later than Wednesday, 11 September 1996.
Owners of registered shares as well as owners of bearer shares which have already been deposited at the company's registered office, are requested to advise the company by the same date of their intention to take part in the meeting.

Proxy
Shareholders wishing to be represented by other persons at the meeting are invited to use the proxy form (which does not constitute a "proxy request" or "public solicitation" within the meaning of Article 74 paragraph 2, sub-paragraph 2, and paragraph 3 of the coordinated laws governing commercial companies) which may be obtained upon simple request at the company's registered office. Every proxy must reach the company's registered office as soon as possible, and no later than Monday, 9 September 1996.

Further information
The following documents are also available to shareholders at the registered office and at the paying agent in the UK:
- the special report of the Board of Directors drawn up in accordance with Article 334r of the coordinated laws governing commercial companies;
- a comparative table giving the present version of the Articles of Association together with the proposed amendments;
- a copy of this notice with the detailed text of the proposed modifications.

For further information, please contact Group Communication, at telephone number 92 (0) 220 9349.

Brussels, 28 August 1996
The Board of Directors.
BARCLAYS BANK
Angel Court 8
London ECR 7HT
United Kingdom
Fortis AG
Bd Emile Jacquinot, 53
1000 Bruxelles - Belgium
Trade Register no 1811

Please for clarity observed by the purposes of the auditing and the

100 hour purchase price

Year ended	1995	1994	1993	1992
1000	10.00	10.00	10.00	10.00
1001	10.00	10.00	10.00	10.00
1002	10.00	10.00	10.00	10.00
1003	10.00	10.00	10.00	10.00
1004	10.00	10.00	10.00	10.00
1005	10.00	10.00	10.00	10.00
1006	10.00	10.00	10.00	10.00
1007	10.00	10.00	10.00	10.00
1008	10.00	10.00	10.00	10.00
1009	10.00	10.00	10.00	10.00
1010	10.00	10.00	10.00	10.00
1011	10.00	10.00	10.00	10.00
1012	10.00	10.00	10.00	10.00
1013	10.00	10.00	10.00	10.00
1014	10.00	10.00	10.00	10.00
1015	10.00	10.00	10.00	10.00
1016	10.00	10.00	10.00	10.00
1017	10.00	10.00	10.00	10.00
1018	10.00	10.00	10.00	10.00
1019	10.00	10.00	10.00	10.00
1020	10.00	10.00	10.00	10.00

BankAmerica
U.S. \$200,000,000
Floating Rate Notes
due February 1997

For the period from 28th August, 1996 to 28th November, 1996, the Notes will carry an interest rate of 5.215% per annum with an interest amount of U.S. \$758.85 per U.S. \$100,000 principal amount of Notes payable on 29th November, 1996.

Deben Bank of Luxembourg
Luxembourg Branch Agents Bank
28th August, 1996

JOHNNIC

JOHNNIE INDUSTRIAL CORPORATION LIMITED
(Incorporated in the Republic of South Africa - Reg. No. 01/00429/06)

Highlights from the Audited Results for the year ended 30 June 1996

	Year ended 30.6.96	Year ended 30.6.95
HEADLINE EARNINGS PER SHARE INCREASE BY 42% NET ASSET VALUE PER SHARE UP 41%		
Profit before taxation	126.0	243.2
Attributable earnings	123.6	236.5
Share of retained earnings of associated companies	365.9	109.9
Equity accounted earnings	489.5	346.4
Earnings per share (cents)		
- Headline earnings	287	202
- Equity accounted earnings	326	233

Capitalisation shares have been awarded to shareholders registered at the close of business on 13 September 1996. Shareholders may, in respect of all or part of their shareholding, elect instead to receive a final dividend of 72 cents per share. Shareholders making this election will then be given the opportunity to use the dividend to subscribe for new ordinary shares in the company.

Documentation, which is subject to the approval of The Johannesburg Stock Exchange, containing full details of the right of election will be posted to shareholders on or about 20 September 1996.

29 August 1996

The full text of the audited results will be posted to shareholders and copies can be obtained from the London Secretaries, JCI (London) Limited, 6 St James's Place, London SW1A 1NP.

Handwritten signature in Arabic script: محمد بن الامين

TECHNOLOGY

Clive Cookson examines the latest scientific claims that a way to fend off old age has been found

In search of eternal youth



So strong is the desire to fend off old age and death that whenever scientists discover a gene that may affect the ageing process, people are keen to acclaim it as a Methuselah gene which holds the key to eternal life.

Several such genes have been identified this year, from one that causes a rapid ageing disease called Werner's Syndrome to a "clock gene" that extends the life of worms by a factor of five.

There is also increasing hype about telomeres - stretches of DNA at the end of chromosomes that wear away as cells divide.

Enthusiasts claim that a technique to prevent telomere erosion could enable people to live for hundreds of years.

More realistic specialists on ageing say the whole process is too complex for a simple genetic prescription for longevity ever to be found. Hundreds or thousands of genes work together to determine how long people live.

"There is no single mechanism of ageing, no single switch that we could find to extend lifespan," says Tom Kirkwood, professor of biological gerontology at Manchester University.

Rudolph Tanzi, director of genetics and ageing research at Massachusetts General Hospital, agrees: "There is no Methuselah gene. But the discovery of a gene such as the one for Werner's Syndrome is enormously useful for giving us models for a whole class of genes."

In the young field of ageing genetics, each specialist has his own way of making sense of the complexity. George Martin of the University of Washington, Seattle, distinguishes two types of genetic action involved in ageing: "private" mechanisms that result in rare mutations affecting a small number of individuals, and "public" mechanisms that influence the general ageing process.

Kirkwood's starting point is evolutionary biology. "Evolution

theory suggests that ageing happens because the process of natural selection attaches little importance to the events that occur late in the lifespan," he says. "Biological organisms - our bodies - are under strong pressure to use their resources in the most cost-effective way, attaching greater priority to activities such as reproduction and investing only limited resources in the continuing maintenance of the body or soma."

According to Kirkwood's "disposable soma" theory, ageing represents accumulated damage from the failure of genes that control maintenance functions, such as protecting cells from oxidants and repairing damaged DNA. From the evolutionary perspective, it is disadvantageous to increase maintenance beyond a level sufficient to keep the organism in good shape through its natural life expectancy in the wild.

People should not pin too much hope on a genetic cure for ageing

Another conclusion is that ageing is not regulated or programmed in the same way as the processes of early life. Kirkwood is therefore suspicious of theories that propose a role for clock-type genes in truncating life.

Kirkwood's maintenance or "stress-response" genes can perhaps be equated with Martin's "public" mechanisms acting across the whole species. In addition, Kirkwood says, there are a large number of deleterious late-acting mutations - not related to maintenance - which normally take effect at an advanced age when the vast majority of organisms would have died for other reasons in the wild.

Scientists do not yet know whether the celebrated Werner's Syndrome gene - identified ear-

lier this year by a US team from Darwin Molecular, a Seattle-based biotechnology company, and the Seattle Veterans Administration Medical Centre - represents a private or public mechanism. Patients with the syndrome begin to show signs of premature ageing, such as greying hair and wrinkling skin, in their 20s; they suffer diseases of old age such as cancer and brittle bones in their 30s; and most are dead by 50.

The gene produces an enzyme called a helicase, which unwinds the twin strands of the DNA double helix. Its role may be to repair damaged genes. "This supports the general idea that the accumulation of DNA damage is important in ageing but it does not necessarily mean that the Werner's gene itself is important," Kirkwood says.

Darwin is working to identify medical targets relating to the Werner's gene. Tanzi, however, believes the most useful route to drugs that could extend healthy human life-spans by 10 - 20 years is to concentrate on the way cells process proteins in the cytoplasm - the main body of the cell - rather than on DNA metabolism in the nucleus.

"If you think of the cell as a protein factory, debris on the conveyor belt - caused by improper protein processing - can make the whole thing break down," he says. "We are looking at the genes that control the folding of proteins and make sure the proteins go to the right places."

Much of the excitement about ageing genes comes from studying nematodes. In these primitive worms, a small number of genes control the whole biological timetable, and scientists at McGill University in Montreal have produced mutant nematodes in which metabolism occurs so slowly that they live five times longer than their wild counterparts (for 30 days rather than eight).

But it is not known whether similar genes exist in humans, let alone whether they could be



No one has lived as long as Jeanne Calment, 121 this February

manipulated and, if so, what a slowed-down life would feel like. Perhaps 140 years at half-pace would amount to no more, in terms of life experience, than a normal 70 years. In that case, why live longer?

Another approach - which has inspired the most extravagant enthusiasm about extending life-times - focuses on telomeres. These stretches of DNA exist at the end of each of the 23 chromosomes which contain all human genes; they act as safety caps to protect the chromosomes from damage. Telomeres become shorter every time a cell divides, and when they reach a certain critical length, the cell becomes senescent. It can no longer divide and may even have a harmful effect on neighbouring cells.

An enzyme, telomerase, which is active in cancer cells and in developing embryos, adds new DNA to telomeres and prevents their shortening. Geron, a Californian biotechnology company, is leading the research effort to use telomerase to extend the lifetime of cells - and eventually whole organisms.

But, as with the nematode clock genes, a big leap of faith is required to travel from laboratory experiments to speculation about extending human life

through telomerase. Critics point out, for example, that the treatment might increase the risk of unwanted cell proliferation - cancer. And, Kirkwood says, telomerase could not be a complete answer because it would not affect non-dividing cells, such as those in the brain and muscles, which also suffer the effects of ageing.

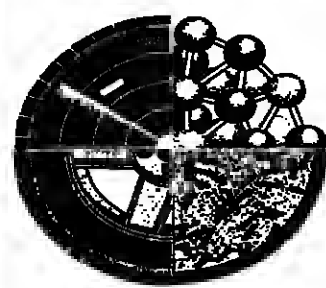
Yet another approach is to look for genetic differences between very old people and the general population, using gene databases. For example, researchers at the Centre d'Etude du Polymorphisme Humain in Paris are analysing the genes of French centenarians.

People should not pin too much hope on a genetic cure for ageing, scientists warn. In modern western societies, inheritance accounts for only 20 per cent of longevity; environmental factors such as diet and lifestyle are much more important.

There is a reasonable prospect that many people born in the industrialised world this year will live to celebrate 2100. But none will achieve Methuselah's biblical lifespan of 969 years.

The series on human genes continues next month with a look at race, geography and disease.

Worth Watching - Vanessa Houlder



Milestone in race for a cancer cure

US scientists may have reached a milestone in cancer research, following the completion of a clinical trial that used gene therapy to treat lung cancer.

The trial involved nine patients with advanced lung cancer which had failed to respond to conventional treatments. Although all the patients died, the treatment resulted in a significant destruction of the tumour in three patients and a stabilisation of the tumour in three others.

The researchers set out to replace faulty p53 tumour suppressor genes, which are responsible for about half of all cancers. Normal p53 tumour suppressor genes - crucial in the self-destruction of damaged cells - were injected into the patients' lung tumours using a carrier known as a retroviral vector.

The research, which will be reported in September's issue of Nature Medicine, was led by the University of Texas M D Anderson Cancer Center.

An accompanying commentary in Nature Medicine said the therapy had been proved in principle and could be given at a very early stage of lung cancer. Mutations of p53 genes are common in many cancers, suggesting that p53 gene therapy "may prove effective in the treatment of many cancers".

University of Texas M D Anderson Cancer Center: US, tel 713 792 0655; fax 713 794 4418.

Germans raise the heat for ceramics

German scientists have synthesised a ceramic that can resist heat of up to 2,000°C.

The new ceramic, which was developed by scientists at the

Technische Hochschule in Darmstadt and colleagues at the Max-Planck-Institut, may have potential for uses in power generation and in mechanical and chemical engineering, according to today's Nature.

The ceramic is made from a polymer that at high temperatures is converted to a composite of silicon carbide, silicon nitride and boron nitride. Previously, the highest temperature at which silicon nitride-containing ceramics could be used was 1,500°C.

Technische Hochschule Darmstadt: Germany, tel 6151 813842; fax 6151 813840.

It's good to talk to your car phone

Even with hands-free car phones, drivers usually have to punch in the number that they want to dial. Now a voice-activated dialling system has been designed that will allow drivers to make a telephone call without taking their hands off the wheel.

Vocalis, a UK voice recognition company, has designed a system that can be programmed with up to 50 numbers. It automatically dials the number needed in response to spoken instructions.

The system is also designed for people with disabilities that make it difficult to use conventional phones.

Vocalis: UK, tel (0)1223 846177; fax (0)1223 846177.

A security blanket for ladders

Every year, thousands of accidents are caused by ladders slipping or falling over.

But ladders could be made more secure simply by providing additional supports, according to Ankalad, a Huntington-based company. It has designed aluminium struts that are attached to the middle of the ladder and unfold to make a triangular base.

As well as making the ladder safer, it reduces the pressure at the top of the ladder, making it possible to lean it against gutters. The Ankalad, which weighs 2.6kg, can fit any wood or aluminium ladder. It costs \$85 plus value added tax. Ankalad: UK, tel (0)1480 861870; fax (0)1480 861760.

Interim dividend. Management Board of Koninklijke BosWesman nv, with the approval of the Supervisory Board, has decided to distribute an interim dividend for the 1995 financial year of NLG 0.32 in cash per ordinary share of NLG 2.00.

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FIRST HALF 1996 FINANCIAL RESULTS (Reviewed by Ernst & Young, Bahrain)

Table with 3 columns: (US\$ million), 30 June 1996, 30 June 1995. Rows include Consolidated Balance Sheet (Assets, Liabilities, Term Notes, Shareholders' Funds) and Consolidated Income Statement (Income from Operations, Operating Profit, etc.).

ARAB BANKING CORPORATION (B.S.C.). ABC Tower, Diplomatic Area, P.O. Box 5698, Manama, Bahrain. Tel: 922435 Fax: 573062 573163 Tlx: 9472 ABCBAH BN CR No. 10299

INTERNATIONAL CAPITAL MARKETS

Strong demand at auction buoys UK gilts

By Samar Iskandar in London and Lisa Bransten in New York

Uncertainty linked to the forthcoming budget season continued to weigh on European bonds, with the added risk of fiscal unrest affecting French OATs in particular.

UK gilts were buoyed by stronger than expected demand at yesterday's auction of £2.5bn of 10-year stock.

sion & higher at 107 1/2. Bids for the 7% per cent bonds due 2006 totalled £8.7bn, or 2.69 times the amount on offer, allowing the Bank of England to place 98 per cent of the total at the lowest yield and leaving a tail of only one basis point.

domestic outlook - improving growth with subdued inflation - could attract flows from the French and Italian markets.

French bonds continued to suffer from fears of social unrest next month. In an

GOVERNMENT BONDS

opinion poll published yesterday 77 per cent of respondents were expecting tough strike action next month. The Matif's September notional contract fell 0.16 to close at 122.96 and the September Pibor future closed 0.10 lower at 95.76.

ing that industrial production had fallen by 0.5 per cent in the year to June compared to the franc's weakness on the foreign exchange market, adding to the pressure on bonds.

Japanese bonds took heart from the release of a tankan survey depicting a very weak economy, which led most observers to dismiss the chances of a rise in interest rates this year.

minus 3 in May. Mr Peter Wilson of Tokyo Mitsubishi International said "this is more than just a blip in the recovery; it might presage another double dip in economic activity".

The December futures contract on 10-year JGBs jumped 1.14 in Tokyo to close at 120.39, then reached 120.47 in London trading, up more than 2.5 points since mid-July.

get worse before it starts getting better", said Mr Wilson.

US Treasury prices were newly flat in early trading as traders prepared for an afternoon auction of five-year notes. Near midday the benchmark 30-year Treasury was 47 1/2 at 97 1/2 to yield 6.972 per cent.

Specialised loans back £200m deal

By Richard Lapper, Capital Markets Editor

Specialised consumer and commercial loans are to be securitised as part of a £200m deal allowing Electra Fleming to take control of Premium Credit, an instalment finance company, from HSEC, the banking group.

diversifying their funding sources. In this case, TAGS, a source of a handful of specialist one of a kind of specialist securitisation vehicles, set up the money for the loan on the US commercial paper market.

World Bank jumbo targets Japanese retail investors

By Connor Middlemann

The eurobond market witnessed a surge of activity yesterday, topped by a jumbo \$1bn three-year offering for the World Bank late in the day.

INTERNATIONAL BONDS

Treasuries yields may not be attractive to investors, some observers argue that distribution costs of US government bonds to Japanese retail buyers are so high that they still obtain a yield

ing bonds due 2000 currently trade. Lead manager BZW reported some switching from other four-year bonds yielding less than gilts, as well as buying by investors in Germany, Switzerland and the Benelux countries.

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Lists various international bond issues from US, UK, and other countries.

The deal is the first time securitisation has been used to generate funds for a private equity acquisition in Europe. An announced earlier this week, the securitisation highlights the growing popularity of the technique on the continent.

TAG Heuer may float

By Richard Lapper

TAG Heuer International, the Swiss watch manufacturer, yesterday announced its intention to examine a possible flotation.

SBC Warburg have been appointed to advise the company on its options. TAG Heuer specialises in the design, production and marketing of high quality precision sports watches and chronographs.

WORLD BOND PRICES

Table of benchmark government bonds for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BUND FUTURES OPTIONS (LIFFE) 0.25/0.50 points of 100%

Table of Bund futures options with columns for Strike, Price, and various market data.

FT-ACTUARIES FIXED INTEREST INDICES

Table of fixed interest indices for UK Gilts, FT Actuarial, and FT Fixed Interest indices.

US INTEREST RATES

Table of US interest rates for Treasury Bills and Bond Yields.

EURO BOND FUTURES (MATIF) FF500,000

Table of Euro bond futures with columns for Open, High, Low, and other market data.

GILT EDGED ACTIVITY INDICES

Table of gilt edged activity indices for various government securities.

BOND FUTURES AND OPTIONS

Table of bond futures and options for France, Germany, and Japan.

US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

Table of US Treasury bond futures with columns for Open, High, Low, and other market data.

FT/ISMA INTERNATIONAL BOND SERVICE

Table of international bond service data for various countries and currencies.

UK GILTS PRICES

Table of UK gilt prices for various maturities and yields.

Other Fixed Interest

Table of other fixed interest rates for various international instruments.

CONVERTIBLE BONDS

Table of convertible bond prices and yields.

Financial Times Ltd. 1996. Reproduction in whole or in part in any form without written consent. Data supplied by International Securities Market Association.

CURRENCIES AND MONEY

MARKETS REPORT

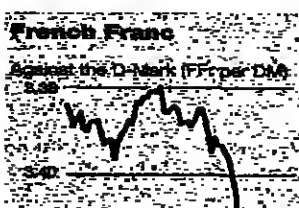
D-Mark gains ground on worries about yen

By Richard Adams

The yen slipped on currency markets yesterday as the Japanese August tanking...

Sterling also had a good day, helped by the better-than-expected UK trade data...

It is no understatement to say the markets were surprised by the weakness of the tankan...



one way or the other, then people will look at the current account...

The Swiss franc, the world's traditional safe haven, continued to strengthen...

But it was the D-Mark and sterling rather than the US dollar...

Against the dollar, the pound rose nearly half a cent...

Most economists had predicted a more buoyant survey this quarter than in May...

followed by dollar strength, as Japanese investors seek a strong currency...

Mr Tim Fox, treasury economist at Standard Chartered in London...

But the Swiss franc's continued strength could spell danger for the Swiss economy...

The dollar climbed sharply towards Y108.8 in trading in Tokyo...

Analysts said the French franc may be set for what one trader called a "mini-crisis"...

Both proved to be wrong. A rise in Japanese interest rates looked less likely after the tankan showed the first decline in confidence...

There was an unusual level of activity in the D-Mark market...

Mr Tony Norfield, treasury economist at ABN Amro in London...

Mr Jeremy Hawkins, chief economist at the Bank of America in London...

However, the D-Mark was also stronger, reaching Y73.41 by the close...

Against the dollar, the pound rose nearly half a cent, ending at \$1.559...

But analysts at DKB International in London said: "The tankan is not pointing to a recession. Instead it is consistent with a mild economic recovery."

Yen weakness is usually

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, bid/offer, change, and various rates for the pound spot and forward markets.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, bid/offer, change, and various rates for the dollar spot and forward markets.

OTHER CURRENCIES

Table listing various other currencies and their exchange rates against the dollar.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Table showing exchange rates for various currencies including the D-Mark, Swiss Franc, and others.

D-MARK FUTURES (DM) 125,000 per DM

Table showing D-Mark futures prices and changes.

SWISS FRANC FUTURES (SFR) 125,000 per SFR

Table showing Swiss Franc futures prices and changes.

UK INTEREST RATES

LONDON MONEY RATES

Table showing London money rates for various terms.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

JAPANESE YEN FUTURES (YEN) 12.5 per Yen 100

Table showing Japanese Yen futures prices and changes.

STERLING FUTURES (GBP) £25,000 per £

Table showing Sterling futures prices and changes.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates.

NON-EMR MEMBERS

Table showing non-EMR member rates.

THREE MONTH STERLING FUTURES (LFFE) £200,000 points of 100%

Table showing three-month Sterling futures prices.

SHORT-TERM STERLING FUTURES (LFFE) £50,000 points of 100%

Table showing short-term Sterling futures prices.

BASE LENDING RATES

Table showing base lending rates for various banks.

THREE MONTH EURO DOLLAR FUTURES (LFFE) \$1m points of 100%

Table showing three-month Euro Dollar futures prices.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table showing three-month Euro Swiss Franc futures prices.

THREE MONTH EURO YEN FUTURES (LFFE) Y100m points of 100%

Table showing three-month Euro Yen futures prices.

THREE MONTH EURO DOLLAR FUTURES (LFFE) £1m points of 100%

Table showing three-month Euro Dollar futures prices.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table showing three-month Euro Swiss Franc futures prices.

THREE MONTH EURO YEN FUTURES (LFFE) Y100m points of 100%

Table showing three-month Euro Yen futures prices.

THREE MONTH EURO DOLLAR FUTURES (LFFE) \$1m points of 100%

Table showing three-month Euro Dollar futures prices.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table showing three-month Euro Swiss Franc futures prices.

THREE MONTH EURO YEN FUTURES (LFFE) Y100m points of 100%

Table showing three-month Euro Yen futures prices.

THREE MONTH EURO DOLLAR FUTURES (LFFE) \$1m points of 100%

Table showing three-month Euro Dollar futures prices.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table showing three-month Euro Swiss Franc futures prices.

THREE MONTH EURO YEN FUTURES (LFFE) Y100m points of 100%

Table showing three-month Euro Yen futures prices.

THREE MONTH EURO DOLLAR FUTURES (LFFE) \$1m points of 100%

Table showing three-month Euro Dollar futures prices.

THREE MONTH EURO SWISS FRANC FUTURES (LFFE) Sfr1m points of 100%

Table showing three-month Euro Swiss Franc futures prices.

WORLD INTEREST RATES

MONEY RATES

Table showing money rates for various countries and currencies.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies.

OTHER CURRENCIES

Table showing interest rates for other currencies.

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The Financial Times plans to Publish a Survey on Private Finance Initiative on Friday, October 18.

Appearing in all issues of the Financial Times, the survey will be read by key decision makers in the private and public sector in 160 countries worldwide...

FT Surveys advertisement.

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BANQUE NATIONALE DE PARIS advertisement.

COMMODITIES AND AGRICULTURE

Supply setbacks fail to rouse copper market

By Kenneth Gooding, Mining Correspondent

The possibility of substantial interruptions to global copper supply was virtually ignored at the London Metal Exchange yesterday.

Mr Nick Moore at Flemings Global Mining Group said the supply interruptions would be transitory, whereas the copper market was going through a structural change and heading for a period of substantial supply surpluses.

There were already signs of tightness in supply of copper for delivery on the LME in September, and this could make the tightness exacerbating.

Lonrho hangs fire on Kazakh gold tender

By Kenneth Gooding

The Kazakhstan government's embarrassment about its failure to attract foreign investment in Vasilkovskoye, one of the world's biggest gold deposits, seems set to continue for some time.

invitation to make an offer. "We certainly won't jump in as the great saviour of the project," said Mr Chris Davies, technical director of Lonrho's mining operations.

Both Teck and Placer Dome, another Canadian group that had "exclusive" negotiating rights over Vasilkovskoye but pulled out, were willing to put up substantial deposits.

although Vasilkovskoye contained a great deal of gold - 6.5m troy ounces - the ore was very difficult to process and milling it would be very expensive.

A State Property Committee official indicated last week that negotiations with the Teck consortium had broken down because the Canadian group wanted guaranteed and fixed electricity prices as much energy. The Kazakh government said it could not comply because it had privatised most power plants and given a pledge that prices would be liberalised.

British Gas expects more imports from Norway

By Robert Corzine in Stavanger, Norway

A reversal in the steady decline of Norwegian exports of natural gas to the UK could take place over the next few years in spite of a persistent surplus of domestic production gas, according to British Gas.

even though the overall market remained in surplus. The gas spot market is expected to begin functioning in earnest over the next year or so as a result of the progressive liberalisation of the domestic gas market and the requirement that users of British Gas's pipeline network balance each day the amount of gas put into the system with that which they sell to customers.

As recently as 1985 Norway was supplying about 27 per cent of UK gas demand. But a sharp increase in UK gas production and a dispute between London and Oslo over future Norwegian exports has led to Norwegian gas exports into the UK falling to only 2 per cent of demand.

Mr Jungels said any additional Norwegian exports to the UK would be "marginal" compared with Oslo's ambitious plan to expand European gas exports from about 60bn cubic metres in the early part of the next decade to 80bn cu m.

He added that relatively cheap and plentiful UK supplies would be available for export from 1998, when they would "have an important influence on continental markets".

Comalco may join Chile project

By Nikko Tait in Sydney

Comalco, the Australian integrated aluminium producer that is controlled by the RTZ-CRA mining group, said yesterday that it had signed an agreement with Canada's Noranda that could allow the Australian group to acquire up to 50 per cent of Noranda's Alymysyn project in Chile.

enough water rights to supply a 270,000 tonne reduction plant, but Comalco said yesterday that the two groups were looking at the possibility of acquiring more water rights, and expanding the capacity to 400,000 tonnes. It added that preliminary studies on the expanded project and discussions with the Chilean government on the relaxed attitude, particularly in the water rights were under way.

Comalco comes just days after the Australian company announced a sharp drop in profits for the half-year to end-June. It made A\$43.9m (US\$34.5m) after-tax (but before abnormal and extraordinary items), compared with A\$155.1m in the same period a year earlier.

PNG gold mine 'ahead of schedule'

By Nikko Tait

Lihir Gold, the listed company that is developing the large Lihir gold mine on the New Guinea island of the same name, said yesterday that it expected to begin commissioning the oxide ore-processing facilities at the mine during May next year, ahead of schedule.

Processing of sulphide ore should be able to commence by October next year, two months ahead of the earlier forecast, Lihir said. It noted again that this should have a domino effect on the following year's production, which is now expected to top 550,000 ounces.

Coffee and cocoa weaker

London Commodity Exchange rebuffs COFFEE futures prices following New York values downwards yesterday as profit-taking continued to weigh on both markets. But traders said good trade support limited losses.

critical support area, which technical analysts thought should hold. Traders said that cool weather in Brazilian growing areas was providing background support, limiting the market's downside potential.

afternoon dealing as trade and speculative selling pushed prices to the edge of a key support area, traders said. Some attributed the sales principally to investment funds while others said liquidation by trade houses was mainly responsible for the losses.

COMMODITIES PRICES

BASE METALS

Table with columns: Metal, Unit, Price, Change. Includes Aluminum, Copper, Lead, Zinc, Nickel, Tin, Silver, Gold.

Precious Metals continued

Table with columns: Metal, Unit, Price, Change. Includes Platinum, Palladium, Silver, Gold.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Unit, Price, Change. Includes Wheat, Corn, Soybeans, Rice, Sesame Oil.

SOFTS

Table with columns: Commodity, Unit, Price, Change. Includes Cocoa, Coffee, Sugar.

MEAT AND LIVESTOCK

Table with columns: Commodity, Unit, Price, Change. Includes Live Cattle, Live Hogs, Pork Bellies.

ENERGY

Table with columns: Commodity, Unit, Price, Change. Includes Crude Oil, Heating Oil, Natural Gas.

COMMODITY INDEXES

Table with columns: Index Name, Value, Change. Includes CRB, NYMEX, COMEX.

FUTURES DATA

Table with columns: Commodity, Contract, Price, Change. Includes Wheat, Corn, Soybeans.

INDEXES

Table with columns: Index Name, Value, Change. Includes S&P 500, Nikkei, FTSE.

VOLUME DATA

Table with columns: Commodity, Volume, Change. Includes Wheat, Corn, Soybeans.

JOTTER PAD

Table with columns: Commodity, Price, Change. Includes Live Cattle, Live Hogs, Pork Bellies.

LONDON TRADED OPTIONS

Table with columns: Commodity, Price, Change. Includes Aluminum, Copper, Coffee, Sugar.

LONDON SPOT MARKETS

Table with columns: Commodity, Price, Change. Includes Crude Oil, Heating Oil, Natural Gas.

CROSSWORD

Crossword puzzle grid with clues and solution. Clues include 'Tyrant free from blemish?' and 'Magical suspense (10)'.

PRECIOUS METALS

Table with columns: Metal, Price, Change. Includes Gold, Silver, Platinum, Palladium.

LONDON BULLION MARKET

Table with columns: Metal, Price, Change. Includes Gold, Silver, Platinum, Palladium.

UNLEADED GASOLINE

Table with columns: Location, Price, Change. Includes London, New York, Tokyo.

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FT MANAGED FUNDS SERVICE

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds including Lyttelton Investment Managers, Royal Bank of Canada, and others with columns for fund name, share price, and performance.

BERMUDA (REGULATED)**

Table listing regulated Bermudan funds such as Aristocrat Capital Management, Renaissance Investment, and others.

GUERNSEY (REGULATED)**

Table listing regulated Guernsey funds including Integral Asset Management, Gole Investment Management, and others.

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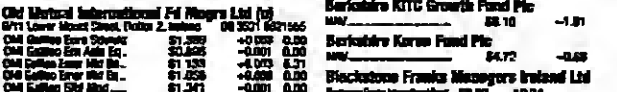
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Advertisement for Garden Brasseries featuring the text 'WHEN THE MARKETS CLOSE, THE GARDEN BRASSERIES STILL TRADE.' and an image of a garden.

You can enjoy a meal at any time from 6.00am to midnight in the Garden Brasserie at any of our 18 hotels up and down the UK. Welcoming news indeed, whatever time you do business. For more information, call 0181 748 3433.



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ISLE OF MAN (REGULATED)**

Table listing regulated Isle of Man funds such as AXA Equity & Law, and others.

ISLE OF MAN (REGULATED)**

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JERSEY (SIB RECOGNISED)

Table listing SIB-recognized Jersey funds such as Lyttelton Investment Managers, Royal Bank of Canada, and others.

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Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 878 4578 for more details.

Main table containing financial data for various funds and insurance products, including columns for fund names, prices, and performance metrics.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

Main table containing financial data for various funds, including columns for fund names, prices, and performance metrics. Includes sub-sections like 'Global Asset Management - Contd.', 'Global Currency Funds', and 'Global Equity Funds'.

GUCCI advertisement featuring a watch image and text: 'GUCCI THIERCES ARE AVAILABLE FROM GUCCI BOND STREET, W.L. GUCCI SLOANE STREET, S.W.I., HARRODS AND SELFRIDGES ALSO AT SELECTED BOUTIQUE JONES, LEWIS DAVIS, GOLDSMITHS, WALKER AND HALL, WATCHES OF SWITZERLAND, PAPPAS & WEBB, SEABROOKS AND OTHER FINE JEWELLERS.'

OTHER OFFSHORE FUNDS

Table listing various offshore funds with columns for fund names, prices, and performance metrics.

MANAGED FUNDS NOTES: Includes detailed information regarding fund management, performance, and contact details for the FT Cityline Help Desk.

LONDON STOCK EXCHANGE

MARKET REPORT

Bid stories help Footsie to new records

By Steve Thompson, UK Stock Market Editor

London's equity market was back on the fast track yesterday, with the FT-SE 100 pushing ahead to a new all-time closing high. The index also pierced its previous all-time intraday record.

In the background to the fundamentals boosting shares prices, was another burst of takeover speculation, specifically in the financial areas of the market, where the banks and insurance stocks made rapid progress.

Dealers were impressed with London's overall performance, especially in view of a bout of jitters in the gilts market around midday when gilts briefly dipped into negative territory before stabilising.

With the Dow Jones Industrial Average making good early progress, aided by a firm bond market ahead of the auction of \$12.5bn worth of 5-year bonds, the FT-SE 100 pushed ahead to a record intraday high of 3,922.1, before coming off the top following a minor bout of profit-taking.

The day's big feature was the steep rise in Lloyds Abbey Life shares to a new peak amid a flurry of bid stories. These included a suggestion that the Prudential Group was about to launch an agreed offer for the life

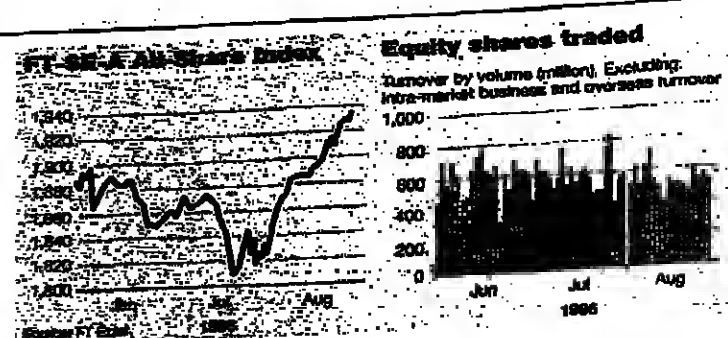


Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3918.7), FT-SE Mid 250 (4437.8), FT-SE-A 350 (1980.5), FT-SE-A All-Share (1883.2), FT-SE-A All-Share yield (3.82), FT Ordinary Index (2838.9), FT-SE-A 100 Fut Sep (3944.0), 10 yr Gilt yield (7.87), Long gilt/quality yield ratio (2.17).

Lloyds Abbey hints

By Joel Kibazo, Jeffrey Brown, Lisa Wood and John Dhuu

The market spotlight fell upon life assurance group Lloyds Abbey Life as its shares moved sharply ahead on speculation that it will soon be on the receiving end of a bid from Prudential Corporation.

Yesterday's talk was sparked by Monday's news of Prudential's disposal of its Mercantile & General insurance business in a \$1.75bn deal. Prudential has signalled its intention to hit the acquisition trail and the better than expected price achieved from the sale of M&G was said by analysts to have significantly boosted the group's war chest.

However, several analysts suggested such a merger is unlikely and instead pointed to renewed talk in some quarters hinting that Lloyds TSB which owns 63.6 per cent of Lloyds Abbey is looking to buy the minority holding it does not already control.

The combination of both rumours sent shares in Lloyds Abbey soaring 32 to 592 1/2p, in trade of 3.2m. One analyst said: "I very much doubt the Pru is looking at Lloyds Abbey as it does not have the ideal profile of the type of com-

pany Prudential is looking for. It is better for the Pru to look to the mutual sector. It is more likely that it is Lloyds TSB looking to do a deal."

The market continued to cheer the Prudential deal and the shares bartered 3 1/2 to 440 1/2p, while a firm banking sector saw Lloyds TSB put on 8 to 380 1/2p, in busy trade of 8.8m.

Allied Domecq was the best performer on the FT-SE 100, climbing 11 to 464 1/2p after positive media comment for the continent before year-end, but benefits would kick in next year and 1996.

After the restructuring, the oil multinational would combine its strong marketing and growth with improved refining system and more efficient cost control, ABN said.

Other firm stocks in the banking sector included National Westminster 7 1/2 better at 680p, HSBC which put on 6 to 1164p, and Royal Bank of Scotland where the shares gained 4 1/2 to 503p.

Shell moved up 5 1/2 to 948p after a "buy" note from ABN-Amro Hoare Govett, which said that European downstream restructuring would boost 1996 earnings forecast by 8 per cent to \$1.1bn before tax.

The broker expects Shell to announce the European refinery rationalisation and a new management structure for the continent before year-end, but benefits would kick in next year and 1996.

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Rolls-Royce, which reports interim results today, added a further 1/2 to 231p in turnover of 7.2m, aided by a positive recommendation from Merrill Lynch and hopes for good news from next week's Farnborough International air show. Avionics maker Smiths Industries put on 10 to a new all-time high of 782 1/2p.

W.H. Smith fell 5 1/2 to 510p after reporting its final results, which were ahead of most forecasts, but disappointing market reaction said that sales were patchy in the current year.

A number of analysts increased their forecasts because they had been bearish on the results, rather than an underlying upgrade. SBC Warburg increased its estimate by £10m to £130m and UBS moved its forecast from £115m to £120m.

Deputy CEO of a gold top debut, rising to 196 1/2p from its issue price of 155p.

Stagecoach was well supported ahead of next week's annual meeting. The occasion is traditionally used by the bus and train operator as a platform for a trading statement, and this time round there are also hopes for acquisition news.

Stagecoach is the preferred bid for Swedish, the Swedish national bus group. The talk yesterday was that the group had clinched the deal. The shares added 6 1/2 to 507 1/2p, in ex rights form.

Irish building materials group GRI continued to recover, gaining 16 to close at 689p.

The group has been linked to a possible £180m acquisition of Tilcom, a US unit of conglomerate BTR. And next week's interim results from the company are expected to be strong.

After the recent strong encouraging showing by sector, most building materials shares met with profit-taking. Redland ended 3 1/2 down at 450p, while BMC closed 8 1/2 softer at 1113 1/2p.

Profit-taking in National Grid led the shares trailing 2 to 178p, the worst performer of the day in the Footsie.

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FINANCIAL TIMES EQUITY INDICES

Table with 2 columns: Index Name and Value. Includes Ordinary Shares (2838.9), Div. yield (4.01), P/E ratio (17.18), etc.

London market data

Table with 2 columns: Metric and Value. Includes Total Firms (741), Total Firms (833), etc.

FUTURES AND OPTIONS

Table with 2 columns: Index Name and Value. Includes FT-SE 100 INDEX FUTURES (LFFE) and FT-SE 100 INDEX OPTION (LFFO).

LONDON RECENT ISSUES: EQUITIES

Table with 2 columns: Issue Name and Price. Lists various companies like Anglo Irish, British Airways, etc.

FT GOLD MINES INDEX

Table with 2 columns: Index Name and Value. Includes Gold Mines Index (267.76), etc.

FT-SE Actuarial Share Indices

Table with 2 columns: Index Name and Value. Lists various actuarial indices like FT-SE 100, FT-SE Mid 250, etc.

Hourly movements

Table with 2 columns: Index Name and Value. Shows hourly price movements for FT-SE 100, etc.

FT-SE Actuarial 350 Industry baskets

Table with 2 columns: Industry Name and Value. Lists various industry baskets like Bldg & Constr, Pharma, etc.

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Return this coupon to Nick Aldrich, FT Business Research Centre, Financial Times, Number One Southwark Bridge, London SE1 9HL, U.K. Tel: +44 (0)171 873 4102. Fax: +44 (0)171 873 3069



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

Table of stock market data for Europe, including indices like the Nikkei and various regional market performance metrics.

ASIA

Table of stock market data for Asia, covering major indices and regional market trends.

AMERICA

Table of stock market data for America, including the Dow Jones Industrial Average and other key indices.

AFRICA

Table of stock market data for Africa, listing various regional indices and market movements.

ISLANDS

Table of stock market data for island markets, including the FTSE 100 and other regional indicators.

EUROPE (continued)

Continuation of European stock market data, listing individual stock prices and market activity.

ASIA (continued)

Continuation of Asian stock market data, providing detailed price and volume information.

AMERICA (continued)

Continuation of American stock market data, including sector-specific performance.

AFRICA (continued)

Continuation of African stock market data, showing regional market trends.

ISLANDS (continued)

Continuation of island market data, including the FTSE 100 and other regional indicators.

Advertisement for Peregrine Global Distribution, featuring a globe and the text: 'We know your needs, we know Asia. Peregrine, the largest independent investment bank in Asia (ex-Japan) with 35 offices around the world.'

EUROPE (continued)

Continuation of European stock market data, listing individual stock prices and market activity.

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ISLANDS (continued)

Continuation of island market data, including the FTSE 100 and other regional indicators.

EUROPE (continued)

Continuation of European stock market data, listing individual stock prices and market activity.

ASIA (continued)

Continuation of Asian stock market data, providing detailed price and volume information.

AMERICA (continued)

Continuation of American stock market data, including sector-specific performance.

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ISLANDS (continued)

Continuation of island market data, including the FTSE 100 and other regional indicators.

INDEX FUTURES, US INDICES, and other market summary information including price changes and volume data.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'NEW YORK STOCK EXCHANGE PRICES', 'NASDAQ LISTED STOCKS', and 'NASDAQ LISTED STOCKS'.

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سوق الاسهم



NYSE PRICES

Table of NYSE stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'V', 'W', 'T', 'U', 'X-Y-Z', and 'T'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'L', 'S', 'M', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

AMEX PRICES

Table of AMEX stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Continuation of NASDAQ National Market stock prices from the previous section, including sub-sections for 'Continued from previous page', 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

AMERICA

IBM upgrade spices dull equity scenario

Wall Street
Philip Morris fell 3/4 to 39 1/2, after an earlier 1/2 rise as the company raised its quarterly dividend by 20 per cent to \$1.20 as expected.

EUROPE

Carmakers shine on Frankfurt stage

Carmakers took centre stage in FRANKFURT, forecasts that Daimler would show a strong recovery today coinciding with good news from Volkswagen as it unveiled its new Passat model.

FT-SE Actuarial Share Indices

Table with columns: Hourly changes, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE 100, FT-SE 250, FT-SE 350, FT-SE 400, FT-SE 500, FT-SE 600, FT-SE 700, FT-SE 800, FT-SE 900, FT-SE 1000.

ber of stocks continuing to react to stories which had developed earlier in the week. Scot, for instance, continued to rise, up FF6 or 3 per cent to FF208 on speculation that it could become a takeover target.

Robust industrials take S Africa forward

Johannesburg was carried higher by a robust performance among industrials in further positive response to comments on the outlook for the economy by the reserve bank governor, Mr Chris Stals on Tuesday.

ASIA PACIFIC

Nikkei in third straight loss on tankan

stock exchange volume would hurt earnings. Daiwa Securities fell Y20 to Y1.260 and Nomura Securities declined Y30 to Y1.920.

would come on stream earlier than expected. News Corp put on 20 cents at A\$6.83 on a combination of ADR strength and bargain hunting after sharp, post-earnings selling last week.

rose 46 cents to S\$3.48. KUALA LUMPUR continued to focus on small-capitalisation, speculative issues, boosting the second board index by 4.60 to a third consecutive closing high of 541.75.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Table with columns: Market, No. of August 23rd stocks, Dollar terms (1996 over week on Dec '95), Local currency terms (1996 over week on Dec '95). Rows include Latin America, Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, Asia, China, South Korea, Philippines, Taiwan, India, Indonesia, Malaysia, Pakistan, Sri Lanka, Thailand, Euro/Mid East, Czech Rep, Greece, Hungary, Jordan, Poland, Portugal, South Africa, Turkey, Zimbabwe, Composite.

Latin America has been enjoying a renaissance over the last few months with Mexico, Brazil and Venezuela all showing significant dollar gains among the IFC's constituent countries, says John Fitz. According to Foreign & Colonial, the UK-based fund managers, on a year to date basis Latin America has outperformed Asia by more than 11 per cent.

ROUNDUP

SYDNEY took heart from the Japanese tankan and the Dow. The All Ordinaries index rose 21.9 to 2,284.2 in turnover of A\$3.2bn.

ROUNDUP

HONG KONG erased early losses and the Hang Seng index finished 40.56 higher at 11,379.49 in turnover of HK\$3.7bn.

ROUNDUP

TEL AVIV was set alight by Africa Israel Investments which went up again, 10 per cent higher for the second day running at Shk489.477.

FT/S&P ACTUARIAL WORLD INDICES

The FT S&P Actuarial World Indices are owned by FT-SE International Limited, Goldman Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

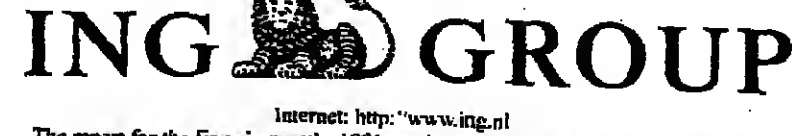
Table with columns: NATIONAL AND REGIONAL MARKETS, US Dollar, Day's Change, Found, Yield, DM, Local, Local, Gross, US, Found, Yield, DM, Local, Local, Gross, Year. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA.

First six months 1996

very good result: net profit +28% to NLG 1,514 million

Table with columns: (in millions of guilders, except for amounts per share), First six months 1996, First six months 1995, %. Rows include Result before taxation, Insurance operations, Banking operations, Net profit, Profit per ordinary share, Interim dividend per ordinary share, Total assets, Shareholders' equity.

ING Group has achieved a very good result for the first six months of 1996. Profit from the banking operations was substantially higher than for the first six months of 1995. The results of the insurance operations showed a considerable growth compared with the favourable first six months of 1995.



Internet: http://www.ing.nl
The report for the first six months 1996 can be obtained at the following address: ING Group, P.O. Box 810, 1000 AV Amsterdam, The Netherlands.

سكنا من الامل

صباح الخير

Convention on track for final acts

By Jurek Martin in Chicago and Patti Waldmeir on the 21st Century Express

The Democratic party convention moved yesterday to its final acts, the nomination of President Bill Clinton and Vice President Al Gore as its national ticket and the president's acceptance speech tonight.

It did so on an upbeat note. Tuesday night's session had seen two of the party's greatest liberals, the Rev. Jesse Jackson and former

governor Mario Cuomo of New York, declare it was far more important to re-elect the president than disagree with him over welfare reform.

The convention then gave an ecstatic welcome to Mrs Hillary Rodham Clinton, the First Lady whom Republicans constantly criticise. Her measured speech, as important a public performance as any she has given since the TV interview that helped rescue her husband's floundering campaign early in

1992, stressed the importance of the right public and private sector initiatives to protect the interests of children. There was also fragmentary evidence that Mr Clinton was widening his lead in the opinion polls over Mr Bob Dole, the Republican candidate. An ABC "tracking" survey put him 15 points ahead, though another still had the gap in single digits.

But polls taken during conventions are notoriously volatile, as was shown by Mr

Dole's sudden but apparently short-lived rise while the Republican convention was taking place in San Diego two weeks ago. An accurate assessment of the margin between the two may not be clear until next week.

Mr Clinton was due to arrive in Chicago last night from his four-day train trip on the 21st Century Express through the Midwest in time for the traditional roll call of the states and for Mr Gore's main speech of the week.

Yesterday the president's

newsmaking announcement concerned the environment, specifically a new \$2bn toxic waste clean-up programme. On Monday he had addressed crime and on Tuesday unveiled another \$2bn programme to combat illiteracy.

There were also unconfirmed reports that Mr Clinton was contemplating annexing another article of the Republican creed, lower capital gains taxes, though with the modification that the principal beneficiaries

should be small businesses. Mr Gore, the early favourite to be Democratic presidential candidate in the year 2000, has been in ebullient form all week. He can be expected in his speech to reinforce the president's message that the Democratic administration has a proven and innovative policy record that makes it better equipped to deal with future problems than the "extremist" and risky tax-cutting alternatives offered by the Republicans.

Democrats master slick presentation

Jurek Martin on how style substitutes for substance

It has been said that Democrats, like blondes, have more fun, but their public disagreements generally compared unfavourably with the Republicans' smooth management of conventions.

There was evidence that this was changing in 1992, when the professionally produced Democrat convention in New York stood in sharp contrast to the divisive Republican mess in Houston. Half way through this week's gathering, it is now reasonable to conclude that the Democrats have become better at presentational style than the Republicans.

This time the Democrats have the advantage of performing on two stages - the convention itself and the midwestern train trip which brought President Bill Clinton to Chicago last night and which has, by all accounts, received saturation and favourable local media coverage in all the electorally important states through which he has passed.

But the events in the United Center, where Michael Jordan soars and swoops to the basket over 50 times a year for his championship Chicago Bulls, have been well enough managed not to take second place.

Nothing illustrated that better than Tuesday night's often electrifying session, it put on display three liberal Democratic icons - the Rev. Jesse Jackson and former Governor Mario Cuomo of New York, the most passionate orators the party has produced in a generation, and Mrs Hillary Rodham Clinton, the president's wife, who, in the eyes of 4,000 delegates, can do no wrong.

Each commanded prime time TV attention, the first two by their rhetorical riffs and flourishes and Hillary, the woman the country either loves or hates, by simply showing up.

The First Lady neither surprised nor disappointed. She is a controlled, articulate speaker and she stuck to her predictable message, mostly that there was no greater social evil than neglect of children.

Although she referred frequently to the First Daughter, Chelsea, and cracked a couple of early jokes, her approach was somewhere between the professional and the parental, disarticulate but with moments of warmth.

Unlike Mrs Liddy Dole in

San Diego, she did not emotionally extol the merits of her husband as "a modest man". Instead she talked of him as "the president" or "Bill" and praised his policies and leadership as appropriate for the future. She thus came over as the loyal wife but without sacrificing the liberal social causes that his policies have not always completely reflected.

She was, naturally, received with rapture by the floor, but it was enthusiasm of a different nature from the greeting accorded the great liberal warhorses, Messrs Jackson and Cuomo. Neither ducked the fact they disagreed deeply with the president's signing of the welfare reform bill last week. Mr Jackson dwelt on the "canyons of despair" which are America's welfare-dependent inner cities, while Mr Cuomo said that no bill, "whatever its political benefits", was worth putting children at risk.

But both said Mr Clinton could make a bad bill better if re-elected, as he is already promising to, and both endorsed him in terms that could make even a president accustomed to flattery blush.

To Mr Jackson, he was "an enlightened president" and "our first line of defence against the New Gingrich contract". That, Mr Cuomo said, was as critical as being to old liberal values, since "being faithful to principle means more than guarding the museums of past policy".

Both showed all their old rhetorical skills, none more than in knowing how to finish in rhythmic style. When Mr Cuomo reached his pounding crescendo, "four more years, what do you say?" the delegates kept out of their seats, forgetting in their enthusiasm that their chant was first coined for the re-election of the infamous Richard M. Nixon.

As a show, it is all playing well enough not merely to the converted, looking forward to the first second-term Democratic president since Franklin Roosevelt 60 years ago, but even to the perennially and properly cynical media. At least none have packed up and gone home, as one famous anchorman did half way through San Diego, declaring, "There is no news here." There may not be much of it, but the presentational illusion can afford some compensation.

Clinton on whistle-stop tour to future

By Patti Waldmeir

President Bill Clinton is addicted to crowds.

Throughout the unpretentious heartland of America, President Clinton has touched the fingertips of his people, and visibly drawn strength from them. After a four-day journey through the Midwest he will speak to the Democratic convention in Chicago tonight high on the best tonic known to politicians: a dose of mass adulation.

With the boyish enthusiasm which has become his political signature, the president bounds down from his campaign train to press every bit of flesh he can reach.

Mr Clinton has stood on the back platform of President Harry Truman's 1948 campaign train and beamed at the people of the rejuvenated Rust Belt, passing through Ohio towns where even the smokestacks have names.

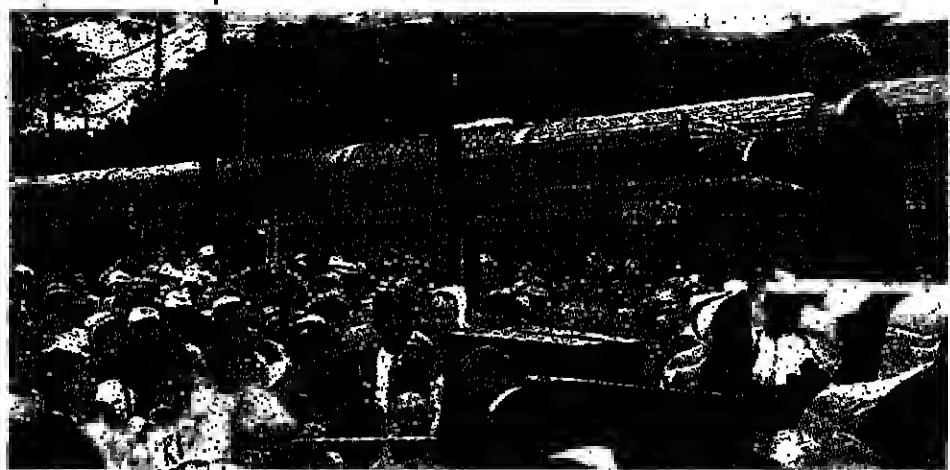
"Hello! How ya doing out there? Thank you VERY much!" he exclaims, with a thrill in his voice which even the best performance artist would find hard to falsify. "I like your dog... I

like your garden... What a nice family!" the president cries, his remarks broadcast by microphone to the curious at rail-sides. The First Citizen's Arkansas drawl, broader than ever in this setting, makes him sound like a caricature of a Southerner in this land of the nasal twang.

The effect is engagingly natural - like the whole of the presidential performance. For this president has got spontaneity down to an art: he holds what are billed as - and what sound like - "conversations with the American people", leaning casually on the podium, chuckling gently at his own jokes, gesturing artlessly, if perfectly on cue.

As he greets invited guests on stage, each handshake is unique, and requires both hands; the right does the main business of shaking, while the left is used to intensify the intimacy. One of the rally props was Mr Clinton's 96-year-old former nanny, Ertha Clay, who said he was "a good baby". All the while, his grey-blue eyes hold the potential voter rapt with their muscular gaze.

The president has needed both hands, and huge reserves of energy, to satisfy



President Clinton speaks to the crowd alongside the 21st Century Express in Detroit

all those who have strained forward to touch him. But many of the tens of thousands who have lined the railway sidings, or stood for long hot hours at rallies, came out of curiosity rather than political commitment. Many are at best reluctant Clinton voters. Some will not vote for him at all. But all have come to see their president, and he has used the advantage of incumbency brilliantly to advantage.

Mr Clinton has said his

whistlestop odyssey on the 21st Century Express is "my idea of heaven", and his advisers would scarcely dissent from that judgment. The president likes the human contact, he keeps saying he undertook the journey "selfishly" because he wanted to "look into the faces and the eyes and the hearts of the people I've been working for for the past four years".

His advisers see the trip as a tactical coup: local media have given it saturation cov-

erage in these Midwestern swing states which Mr Clinton must win to capture the election. Local television stations have provided live coverage of the presidential morning jog and by broadcasting live speeches punctuated by cheers, they have saved his campaign hundreds of thousands of dollars in advertising.

The needs of the media have even determined the route of this nostalgia journey to the future. Asked why the president had chosen to

Gore has his sights fixed on campaign 2000

By Jurek Martin

Bill Clinton is not the only man running for president in Chicago this week. So is Al Gore, the only difference being that the current vice president has his eyes on the year 2000.

But he is not alone either. Almost as visible as the presidential ticket in public appearances and in working convention delegate rank and file is Congressman Richard Gephardt of Missouri, now the House minority leader and odds-on favourite to be its next Speaker if the Democrats regain control of the chamber in November.

Nor does the great guessing game, inevitable since this convention is without suspense, lack for other White House wannabes. Gov-

ernor Evan Bayh of Indiana, Tuesday night's keynote speaker, is only 40 and known to have his eyes on higher office beyond the Indiana Senate seat that is up in 1998.

Other better known names get tossed around. Messrs Bill Bradley and Sam Nunn, of New Jersey and Georgia respectively, may be leaving the Senate this year but, in their mid-50s, are too young to leave public life. Senators Chris Dodd of Connecticut, now joint party chairman, and Dianne Feinstein of California have expressed guarded interest, as have some who have run before, like the Rev. Jesse Jackson and Senator Bob Kerrey of Nebraska.

History alone suggests Mr Gore, now 48 and enunciated the proverbial heartbeat away from the presidency, would be tough to move

from the pole position. Seven of the last 11 vice presidents have gone on to be nominated as either the Republican or Democratic presidential candidates and five have made it all the way, albeit in the cases of Harry Truman, Lyndon Johnson and Gerald Ford, initially through the death or resignation of the president himself. No other political job has such a success rate.

Mr Gore is generally reckoned to have been a good vice president, both as the steady foil to Mr Clinton's intermittent flightiness and as a policy force in his own right.

Mr Clinton has ceded his number two substantial responsibility in areas ranging from downsizing government, through the environment and telecommunications, to foreign policy, with Mr Gore a gen-

uine force behind the scenes on relations with Russia and over the Balkans.

The vice president is also an under-rated player of the media game, neatly turning a reputation for woodenness into an effective droll and deadpan style.

When the president was at an emotional low point following the Republican congressional landslide in 1994, it was Mr Gore who took regularly to the airwaves to fire the first volleys against the opposition's "extremism".

All this combines to give him a considerable edge over possible challengers four years hence. If Mr Gore, like Mr Clinton, is a product of the thoroughly modern and centrist Democratic Leadership Council, Mr Gephardt, now 65, is proud of his ties to the old Democratic

left and would surely base any campaign on the restoration of lost values.

Thus, on behalf of the labour unions, he fought hard against NAFTA and GATT ratification and most recently voted against welfare reform. (Perhaps significantly, it is Mr Gore who has been promising recently that in a second Clinton term the administration would work to ameliorate some of the act's more radical components.)

Mr Gephardt ran for the nomination in 1988, as did Mr Gore, but decided not to compete four years later because he, like many other prominent Democrats, considered President George Bush unbeatable. Mr Clinton concluded otherwise and the rest is history, including the opportunities presented to the current vice president.

Chemical weapons claim is denied

The US Defence Department denied yesterday it had suppressed a 1991 classified report suggesting US troops had been exposed to Iraqi chemical weapons during the Gulf war, Reuters reports from Washington.

However, the department conceded that "the full relevance of the report... was not recognised at the time" and was not investigated until this year, providing indications that perhaps 150 soldiers had been exposed to chemical agents when they blew up the Kamisayah ammunition dump in southern Iraq.

The document, based on a visit by United Nations inspectors to the Kamisayah weapons complex in 1991,

was not made available to the US engineer battalion involved, or to the public, while the Defence Department repeatedly suggested it had no evidence that large numbers of US troops might have been exposed to chemical arms.

But officials denied that many of the soldiers who destroyed the arms depot had since developed debilitating medical problems that the soldiers claim might be linked to exposure to chemical weapons.

Nearly 60,000 other veterans of the Gulf war have asked for special health screenings to determine whether they were suffering from ailments related to their service in the Gulf.

White House offers deal to tobacco industry

By Richard Tomkins in New York

The White House yesterday extended a peace offering to the US tobacco industry by offering to back down from its demand that cigarette makers should be regulated by the Food and Drug Administration.

The White House press

secretary, Mr Mike McCurry, said President Bill Clinton would be willing to reach agreement on how to curb sales to under-age smokers without bringing the industry under the FDA's jurisdiction.

Last week, following Mr Clinton's announcement of tough new restrictions on cigarette advertising and

sales, the industry vowed to take action in the courts to block FDA regulation.

Yesterday Mr McCurry indicated the White House would drop its demand for FDA regulation if the tobacco industry accepted new legislation enforcing the curbs. "If we could get this done without prolonged litigation, that would be prefer-

able," Mr McCurry said.

The tobacco industry is determined to fight off the threat of FDA regulation because the FDA has the power to ban harmful products, theoretically enabling it to prohibit cigarette sales.

However, the president's offer appeared to divide the two biggest cigarette makers. Philip Morris said it was

"encouraged" by the White House statement and would be "willing to find common ground on the issue" but RJR Nabisco indicated it would prefer to continue the battle in the courts.

Separately, Mr Richard Scruggs, a Mississippi anti-tobacco attorney, has this week floated a plan that would protect cigarette makers

from lawsuits for 15 years in return for payments of \$6bn to \$10bn a year, part to be used to reimburse states for treating smoking-related diseases. But again the plan seems unlikely to succeed because the industry believes it will be better off in the courts. Philip Morris raises dividend, Page 13

Boost for US lysine 'price-fixing' inquiry

By Laurie Morse in Chicago

The US Justice Department's investigation into alleged price-fixing by the international food giant Archer-Daniels-Midland has been boosted by plea agreements with three of ADM's rivals in the \$600m lysine market.

Three companies, two Japanese and one New Jersey-based South Korean subsidiary, and three of their executives have admitted they conspired to fix prices to eliminate competition and allocate sales in the market for lysine, an amino acid used as a feed additive to enhance growth in livestock.

In addition to paying fines, the companies and the individuals are co-operating with the Justice Department's investigation into alleged lysine price-fixing.

ADM was not named specifically in the government complaint released on Tuesday, though documents referred to an "unnamed co-conspirator". ADM did not return phone calls seeking comment on the lysine plea agreements.

"This is the Department's first action against international cartel activity in the food and feed additive industry. It sends a message to the world that collusive behaviour that harms US consumers will not be tolerated," said Mr Joel Klein, Acting assistant attorney-general in charge of the Department's Antitrust Division.

ADM, based in Decatur, Illinois, produces about 47 per cent of the world's lysine. Two years ago, an ADM executive, Mr Mark Whitacre, became an undercover agent for the FBI, making audio and video tapes of meetings with competitors and conversations between ADM executives.

The government's price-fixing case stalled when ADM accused Mr Whitacre of misappropriating millions of dollars, damaging his credibility. With the foreign companies and their employees now co-operating, federal officials will no longer have to rely on Mr Whitacre as their chief witness. ADM has not been charged

with wrongdoing but lawyers familiar with the case say at least two senior ADM executives expect to be subject to criminal indictments soon. They say Tuesday's plea agreements may prompt ADM to settle with the government before indictments are delivered. ADM and its rivals last month agreed to pay \$45m to lysine customers to settle a civil antitrust suit.

The companies and individuals charged on Tuesday were: Ajinomoto of Japan and the former general manager of its feed additives business, Mr Kanji Mimoto; Kyowa Hakko Kogyo of Japan and the former general manager of its Agricultural Products Department, Mr Masaru Yamamoto; Sewon America, a subsidiary of Sewon of Korea, and its president, Mr Jeom Su Kim. Both Ajinomoto and Kyowa Hakko will pay \$10m fines, and Mr Mimoto and Mr Kim will each pay \$75,000 in fines. Sewon America will pay a fine determined by the court; Mr Yamamoto will pay a \$50,000 fine.

The Financial Times plans to publish a Survey on **Denmark** on Friday, November 22

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NEWS: UK

Lloyd's plan wins 90% approval

By Ralph Atkins in London and Richard Waters in New York
The Lloyd's of London ruling council is expected today to declare unconditionally the insurance market's \$3.2bn settlement offer to its Names after acceptances had exceeded 90 per cent by yesterday's noon deadline.

Today's council follows a convincing win by Lloyd's in a US appeal court on Tuesday which overturned a ruling won by the rebel Names that had threatened to derail the plan. The council meeting is the first stage leading to formal confirmation that Lloyd's future is secure after losses of more than \$8bn in recent years.

Liabilities. By noon yesterday, 30,918 Names out of 34,000 worldwide had accepted the recovery plan with a further 83 acceptances received by 4pm. Among US resident Names, 66.7 per cent had accepted. Lloyd's council is expected to give Names an extra two weeks to accept the offer once it is declared unconditional.

Lloyd's has been buoyed by a Federal appeals court ruling in Baltimore which overturned a ruling, issued in Richmond, Virginia the previous Friday, which for the first time put Lloyd's within the scope of US securities laws.

Lawyers braced for the end of profitable crisis

With the insurance market's recovery plan looking secure, legal fees are likely to dry up

With Lloyd's of London's \$3.2bn (\$4.96bn) recovery plan finally looking secure, City lawyers are bracing themselves for a jolt. The Lloyd's legal gravy train is about to hit the buffers.

The Lloyd's crisis has been good to the legal profession. Over the past four years more than 50 UK law firms have been knee deep in Lloyd's-related litigation. Including the legal costs associated with the construction of Equitas - the run-off company that will reinsure Lloyd's syndicates' liabilities dating back to the 1950s - the Lloyd's crisis is estimated to have generated up to \$140m in legal fees.

But he denies that the sudden loss of this source of income will leave City law firms in a hole. Clyde & Co derives 40 per cent of its turnover from insurance work but it is unlikely to be badly hit. "If you say our side earned \$30m-\$40m over four years, that's \$10m a year divided by eight firms, and Clyde & Co's annual turnover is \$50m - work it out for yourself. It's no big deal," Mr Payton says.



Michael Payton: believes most actions will come to an end

ment proposals, handed the litigation against Lloyd's itself, including the Clementson anti-trust litigation, which accused Lloyd's of anti-competitive agreements; and did the legal work on setting up Equitas.

Even though Mr Geoff Nicholas, the partner co-ordinating the Lloyd's work, says this is the biggest single job the firm has ever undertaken the resolution of the crisis will not leave it with a big gap to fill.

Online shopping hopes boosted

By Alan Cane

Unet Pipex claimed yesterday that its new system for "secure shopping" on the Internet not only met widespread concerns about security on the Web but was safer than buying by phone or in a shop using a credit or debit card.

The company, the UK subsidiary of MFS, the US telecoms operator acquired earlier this week by WorldCom of the US, believes its system is ahead of US developments. National Westminster Bank, of the UK, will act as the clearing house for online debits and credit card transactions.

Unet Pipex, one of the largest European Internet service providers, said the system, called The Bureau, will enable those trading on the Web to take advantage of an established payments mechanism without paying to build their own.

Internet traders using The Bureau will pay the company 5 per cent of the purchase value of each transaction. The system is activated when a customer presses a "buy" key and enters his or her credit card data. The information is stored securely by Unet and NatWest is instructed to pay the retailer for the goods purchased. When the deal is complete, electronic confirmation is generated for customer and retailer.

Mr Richard Nutall, Unet Pipex director of electronic commerce, said: "We have created a comparatively low cost system that is more secure than buying goods on an ordinary credit or debit card by phone or in a shop."

UK NEWS DIGEST Exports halve non-EU gap

The strongest export growth since spring 1993 halved Britain's trade gap with countries outside the European Union last month, official figures showed yesterday. At the same time, better exports to Germany cut the UK's trade deficit with EU countries in June to its lowest level since November last year.

The encouraging picture of UK trade eased fears that robust domestic consumer spending growth forecast by the government this year might cause a sharp deterioration in the trade gap as imports are sucked in but exports falter. It suggested that UK companies are enjoying greater success in markets in other countries in spite of the patchy economic growth in European countries such as Germany.

OIL PRODUCTION Norwegian company in \$4m deal

A British pioneer in floating production facilities for the offshore oil industry is to become part of Aker, one of Norway's biggest companies. Aker, an offshore engineering and construction company and a world leader in this field, has acquired 70 per cent of family-run McNulty Offshore Services, on Tyne-side in north-east England, for \$4m. Its acquisition strengthens Aker's prospects of winning orders from the UK, one of the world's largest markets for these production systems.

PRISON SERVICE Court to rule on sentencing law

The High Court is expected to rule today on whether the reinterpretation of sentencing law approved by the prison service last week is valid. The court case is the result of a legal challenge by a prisoner against the decision by Mr Michael Howard, the home secretary, to halt the release of prisoners resulting from the new guidelines.

ROLLS-ROYCE Union leaders in jobs talks

Union leaders from the Parsons steam turbine plant in Newcastle, north-east England, and the international Combustion boiler works in Derby, in the north of England, are to meet senior Rolls-Royce executives today about the company's attempts to sell the businesses, which might affect 2,500 jobs. The London meeting, which national officers of the Confederation of Shipbuilding and Engineering Unions will also attend, is on the same day that Rolls-Royce releases its interim results.

FT Conference, London, 12 & 13 December 1996

Conference Theme

In the last year pulp and paper prices have been spectacularly volatile, causing tremendous problems for both producers and consumers. Is the establishment of a futures market in pulp and paper a solution - or will it add to the uncertainty and risk? The fifteenth FT World Pulp and Paper conference will provide a forum in which experts from the industry will analyse this and other tough questions, and provide up-to-the minute information about price movements, supply, and demand.

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Daewoo plans flexible contracts

By Robert Taylor, Employment Editor

Daewoo Cars, the South Korean company, plans to introduce so-called zero-hours contracts for its dealer network in the UK, under which staff would only be paid when needed to collect cars and deliver them to customers.

Its decision is controversial. The opposition Labour party dislikes zero-hours

contracts and trade unions would like to see them outlawed by any future Labour government. Burger King, the US food chain, aroused widespread criticism last year when it introduced zero-hours contracts for staff at some of its British outlets.

Mr Peter Ellis, Daewoo's human resources director, said in this week's issue of the magazine Personnel Today that Daewoo would hire older workers who had finished full-time employment and were flexible enough to accept such agreements.

Blair hunts for ideas from US

The presidential race is sending Labour important signals

Few are watching the US presidential campaign as closely as Mr Tony Blair, leader of the UK opposition Labour party. Britain's general election will fall within six months at most of presidential polling day. And the choice the US electorate makes between Mr Bill Clinton and Mr Bob Dole matters.

responsibility and opportunity are a mutual mantra. More fundamentally, it is clear both parties are responding to the same dilemma: how to show they can still make a difference beneath the tight cap that financial markets and voters have placed on higher taxes and bigger government.

The themes are fiscal conservatism, family and a tough approach to crime

At the Democratic convention in Chicago this week, Mr Blair's party is showing no such reticence. Victory for Mr Clinton in November would signal that, even in the era of small government, parties of the political centre-left can hold on to, as well as win, power. It would reinforce still further Mr Blair's conviction that his party must follow the Democrats into the centre ground.

now share; opportunity, responsibility and community are a mutual mantra. More fundamentally, it is clear both parties are responding to the same dilemma: how to show they can still make a difference beneath the tight cap that financial markets and voters have placed on higher taxes and bigger government.

replaced by the politics of incrementalism. Of course, the parallels can be overdone. The Democrats have long been to the right of their British cousins in the Labour party. And a presidential race is qualitatively different to a British general election. It will be a long time before Mr Blair can embrace many of the policies on which Mr Clinton has built his platform. It is difficult to imagine even a Conservative government proposing a reform as tough on state benefit recipients as that signed into law by Mr Clinton last week.

But for all the differences, the similarities are striking. They stem partly from the language the two parties

Philip Stephens

سكرا من الامل

صوتك من الامم

ARTS

Cinema

Self-analysis made fable

- STEALING BEAUTY
Bernardo Bertolucci
- MULHOLLAND FALLS
Lee Tamahori
- PHENOMENON
John Turteltaub

Shaakespeare, Dr Johnson observed, would have sold his soul for a good pun. What ever would the good doctor say about Bernardo Bertolucci? Italy's once most dazzling cerebral film-maker (*The Conformist*, *The Spider's Stratagem*) has been selling his soul by instalment, or rather his brain, for over a decade to buy ravishing camerawork. He spun golden images in the beautiful, empty-headed *The Last Emperor*. He turned Paul Bowles's nihilistic novel *The Sheltering Sky* into "Lawrence Of Morocco". And in *Little Buddha* Keanu Reeves surfed the tantric universe dressed by what seemed the Nepalese branch of Christian Dior.

Bertolucci has become an aesthetic carebagger bent on self-exile. So where more natural for him to turn, in his first film made at home for 15 years, than to that corner of an Italian field that is forever Anglo-American: Tuscany. Here beauty comes with tax incentives, copies of the Guardian or Herald Tribune and the frisson of being an interloper.

To this Chiantishire photographed with fulgent lyricism by Dariusz Khondzi (of *Seven*) comes American virgin Liv Tyler, a fey full-lipped beauty on the brink of womanhood. On first impression she seems ready to reach it here. The villa owned by ageing Irish sculptor Donald McCann, who does large terracotta objects on hillsides, contains a leukemia-dying playwright (Jeremy Irons), a near-senile Franciscan (Jean Marais), McCann's wife Sinead Cusack and a small nest of poisonous Italians and Americans.

As the plot uncoils like a multi-

angular Chekhov pastiche around the passive-enigmatic Miss T, I kept wondering why I liked this film. Perhaps it was because despite the Eurypidic cast and acorn-honoured plot premise (will she, won't she lose her virginity?) it has a cranky, curvilinear radiance. I suspect the film is a piece of unconfessed mid-life autobiography: that Tyler is not just any old virgin - who would care if she were? - but Bertolucci himself, re-gendered and made photogenic.

Look at the human and inanimate debris around her: it could all come from Signor B's recent oeuvre. The dying expatriate writer-sage could be Paul Bowles (*Sheltering Sky*). The sculptures look suspiciously like China's terracotta warriors (*Last Emperor*). And Jean Marais is surely there because he was the star of Cocteau's great *La Belle Et Le Best*, the feary precursor of Bertolucci's more brutalist variant on ill-matched love, *Last Tango In Paris*.

If *Stealing Beauty* is self-analysis made fable, no wonder that the moments of sudden, inexplicable enchantment - a door that opens through a magically impossible arc, written words that fly from a diary across the screen, a swimming pool out of Hockney via Delle Francesces - have that instinctive-symbolist élan that we know from Bertolucci's best work: like the cinema roof opening to the stars in *La Luna*, or the lavish splashing of light on texture, like sea on rock, in *The Conformist*.

Tyler does finally, of course, lose her "innocence". But even this scene has a quirky off-centre lyricism. The boy she couples with, awkwardly at twilight under a tree, says at one point in the foreplay/disrobing stages "Could you help me?" It is a deeply touching, tenderly funny moment. It shows that growing up is not necessarily the moment of aimless apocalyptic war we are sometimes promised. There are hesitations, false directions and even false passions before one finds or re-finds - as Bertolucci seems to be doing - in the simplistic in the everyday.



Not just any old virgin: Liv Tyler in Bertolucci's 'Stealing Beauty'

Not content with pinballing an Italian director around China and the Sahara, the movie fates have sent New Zealand's Lee Tamahori, who made that visceral tale of dysfunction in a modern Maori family *Once Were Warriors*, to Hollywood to direct a 1950s-set film noir, *Mulholland Falls* is a piece of Los Angeles Gothic modelled after - a long way after - *Chinatown*. A bunch of stars in period glad-rags, led by Nick Nolte and Melanie Griffith, brood through a convoluted plot about sex, blackmail and atomic radiation.

Even the dialogue tries to ape Polanski's precursor. "This isn't America, Jack, this is L.A." someone says to Nolte, hoping to resurrect the shades of "Forget it, Edinburg University Old Quad, run ended." But actually this is nowhere. Just a movie backdrop where grandiose sets and improbably sparkling period cars show up the lacklustre plot, direction and performances.

Once in a blue moon, a film compels its audience to take a fresh look at life, writes Martin Mulligan. It shatters fixed ideas and causes a small but permanent shift of viewpoint. *Phenomenon*, alas, is not one of those films. But it is so nearly is.

George Malley (John Travolta) is the affable demim-clad regular guy in leafy Harmon, north California. Big-hearted, unambitious, good with kids and one of the boys, George is content with his small-town existence as a car mechanic and spare-time gardener. Life would be just hunky-dory if he could settle down with Lace (Kyra Sedgwick), a saucy single mum who falls to reevaluate his dogged attention.

All that is about to change. Staggering home from his 37th birthday party, George sees a bright light in the sky, drops his beer glass, and blacks out. When he wakes up, gone is the smiling, uncomplicated good guy. Within

days he has taught himself Spanish, mastered the physics of solar power and humiliates his friend Doc (Robert Duvall) at chess with Karpov-like flair. He is still good-hearted, though - we know, because he walks with his blood-bound behind closed doors.

George is only warming up. Before you can say "exponential growth", he can give any flower he sees its Latin name, sense tremors in advance of earthquakes, even make a paper-clip dance in mid-air just by thinking about it. He learns Portuguese in 20 minutes during a truck ride to a farm where a food-poisoned father is trying to direct searchers to his son. George is not only a polymath but an *empath* into the bargain: he follows the direction indicated by his own stomach cramps to the boy.

His former friends and neighbours now shun him - and it gets worse as the wider world wakes up to George's existence: first the scientific community; then the FBI; and finally an enthusiastic

doctor who wents George to undergo open brain surgery for science's sake. You just know it'll end in tears.

Travolta's performance is plausible, although that beatific smile can grate on the nerves. George could be a country cousin of Tony Manero, whose Brooklyn disco antics shot Travolta to fame not quite 20 years ago. *Phenomenon* promises much, only to throw away its winnings with its unconvincing denouement. If director Jon Turteltaub and scriptwriter Gerald DiPego had had the courage to persevere with the gritty depiction of human xenophobia it might have been peerless.

Phenomenon's central idea - that you do not get more goodness from more knowledge - is however worth the price of admission. It is the audience's loss that the scholastic final scenes degenerate into homospem philosophy. "Like this apple" says a munching George "everything is on its way to somewhere". A shame then, that this film loses its way.

Theatre Bodies revived

Since the Restoration, bourgeois theatre-goers have delightedly squirmed at the portrayal of their life, art and infidelity on stage. Richmond's Orange Tree Theatre, celebrating 25 years, does much to sustain this dramaturgical tradition. Its chief contemporary exponent is James Saunders whose 1977 play *Bodies* launches the silver anniversary season of new and retrospective works.

First staged at the Orange Tree, *Bodies* was subsequently seen at Hampstead and in a West End transfer with comic actor Dinsdale Landon in the lead. Landon, nearly 20 years older, reprises his role as Mervyn the bluff Headmaster at the centre of a love quadrangle. He fumbles when he lights his pipe, stumbles a bit over Mervyn's gymnastic wit, but is nonetheless a commanding presence. He veers from deep distress at the attempted suicide of one of his pupils, to mischievous glee in inviting to dinner the couple with whom both he and his wife had affairs nine years ago.

Mervyn and Anne endure their marriage, drenching their tiffs in whisky. Helen and David, on the other hand, escaped to America, indulged in breakdowns, discovered therapy, and have smugly reformed themselves enough to return to Esher. The reunion of these two couples unpicks the scab of their wounded past.

It seems that Saunders carefully pours scorn on the couch of psychoanalysis. We need neurotic abstractions - God, art, extra-marital affairs - for that is what it is to be human. And yet Saunders does not deny that life can be banal. "She knew, I knew she knew," says Mervyn of Anne about his affair with Helen.

At I establishes the back-story, each character delivering soliloquies. Act II - after-dinner coffee in the lounge - is mainly delivered in monologues. Although the play thus becomes an undramatic discussion of ideas rather than character-driven debate, Dominic Hill directs assuredly. Each supporting actor gives a finely-tuned performance: Stuart Fox's suavely arrogant David; Liz Crowther's egotistically serene Helen; Carole Nimmons' confidently neurotic Anne. (The women have less to explore than the men: Saunders neglects to give either a career, for example.)

Ti Green's design places the characters on tubular-steel masculine chairs which post the four corners of the stage; they then wrestle with their consciences in-the-round. There is also a large gold-fish tank with four frisky fish. Only one detail is misjudged: Bech's First Sonata for Unaccompanied Violin intrudes each act. A string quartet would have been more apposite.

Simon Reade
At the Orange Tree Theatre, Richmond until October 5 (0181-940-3638).

Going solo on the Fringe

Solo shows are among the most unpredictable categories of Fringe fare: you may see a virtuoso display of one-person theatre, a slab of self-indulgent narcissism (where the performer has suffered for their art and now it is the audience's turn), or occasionally both at once.

In *Think no Evil of us: My life with Kenneth Williams* (St John's church hall), David Benson interweaves his own memories of a tyrannical headmaster and an insane mother with eerily perfect impersonations of the late comedian, in a dramatised coming-to-terms both with others' shortcomings and his own. Carol McGaughey's *Inside Villander* (Assembly Rooms) is a genuine, touching account of her teenage years as a Geordie transplanted to the Orange Free State, spiced with gloriously nostalgic references to the 1970s pop music which served as a lifeline to her homeland.

Albert Camus, What's the Score? (Pleasance) pretends to be autobiographical but is not: performer Nick Whitworth and co-writer Wes Williams have created an irritating but engaging character in Alex, an existentialist goalkeeper whose relationship of a Massachusetts whaler engaged in 1876 to spring six Fenian prisoners from Western Australia. In telling this true story O'Kelly presents a dazzling array of characters ranging from a ghost to a sea-bird, and turns his bedroom-set ingeniously into a ship in full sail. O'Kelly's last Edinburgh appearance was six years ago; he should return more often to demonstrate the pinnacle of grand single-handed drama.

O'Kelly's performance does not stint on physicality, but he is left in the shade by Australian company Legs on the Wall. *All of Me* (Pleasance) is a remarkable, almost wordless acrobatic piece recounting the slow disintegration of a family. Beginning with one performer spot-lit in mid-air as the yet unborn daughter, this quartet build a variety of locations with their bodies, depicting golden times, growing tensions and finally a suicide, all with astounding grace and energy.

This year as last, though, the piece at once most spectacular and most emotionally powerful was *Carmen Furtiva* by the Polish company Teatr Bliuro Podrozny (Edinburgh University Old Quad; run ended). They did not set out to explore the ramifications of war, simply to portray its horrors. In a darkened, booming open air space, sinister still-walking warlords rounded up victims hidden among the audience, herding them through huge, forbidding gates; wounded veterans were fearfully revived by their former comrades; at every moment one's heart and conscience ached at the senseless and inhuman waste. The audience applauded wildly; some reeled away in dumb, awestruck silence.

While Lisa Forrell's production of Time and the Room Theatre gave equal weight to Boito Strauss's humour and his dark absurdity, Martin Duncan emphasises the brightness which has led Strauss occasionally to be derided as a German Archiborn. Here, irrationality looms up to subvert events rather than existing in counterpoint with them.

In Act I, Tyrone Huggins and John Ramm do a Gilbert and George impression as Julius and Olaf, the room's inhabitants, whilst a number of other characters enter, leave and on occasion simply vanish according to conversational cues.

After the interval, a series of bizarre scenes bear out Marie Stember's earlier declaration that "I've adapted myself to everybody". Whether at a bizarrely seductive dinner or engaged in a domestic row over (of all subjects) Medea, Marie's personality is quite discontinuous; it varies with the function of the room itself.

Theatre Time and the Room

Wolfgang Goebel's disconcertingly non-Enclidian set is cleverly versatile - perhaps too much so, as now and again the physical layout of the room itself changes. Duncan shows a sharp eye for human idiosyncrasy: Alexandra Mathie's Impatient Woman, in particular, is a delightful mélange of ties and insecurities, going back to redeliver a line of small talk when she feels she has not been casual enough. As Marie Stember, Anita Dobson once again slides up on excellence but just misses: she rings Marie's changes of mood and register expertly, but offensive deliberation persists throughout her performance.

Strauss's concern with the mutability of individual identity according to social and physical environment is at times overshadowed by a production which demonstrates wit of its own: scene changes are orchestrated to music ranging from a 1980s novelty number to 1980s Euro-pop hit "99 Luftballons", a wall alcove which had been a video library suddenly becomes a drinks cabinet, and a running gag results eventually in a foot-high mound of disposable cigarette lighters on the stage.

For some years Strauss's lack of popularity in Britain has been a mystery, since Britain has a theatrical culture in tune with his style and preoccupations. However, a polished production such as Duncan's may be just the thing to bring his work to the broader attention it merits.

I.S.
At the Royal Lyceum Theatre until August 31; Edinburgh Festival box office 0131-2253766.

INTERNATIONAL ARTS GUIDE

AMSTERDAM
CONCERT
Concertgebouw Tel: 31-20-5730573
● Radio Filharmonisch Orkest with conductor Alexander Lazarev and violinist Vadim Repin perform works by Glazunov and Shostakovich; 8.15pm; Aug 30

ATHENS
THEATRE
Ancient Theatre of Epidaurus Tel: 30-753-22068
● Royal National Theatre of Britain: perform Sophocles' Oedipus Tyrannus and Oedipus at Colonus (In English). Directed by Sir Peter Hall. Part of the Epidaurus Festival; 9pm; Aug 30, 31

BERLIN
EXHIBITION
Altea Museum Tel: 49-30-8901392
● Lovis Corinth: retrospective

exhibition devoted to Lovis Corinth: one of the leaders of German Impressionism. The display includes nearly 150 paintings, approximately 60 drawings and watercolours, as well as a selection of prints. After the showing in Munich the exhibition will travel to Saint Louis and London; to Oct 20

BRUSSELS
EXHIBITION
Palais des Beaux-Arts Tel: 32-2-5078466
● L'art en résistance. Peintres allemands de l'entre-deux-guerres: exhibition of works by German artists, created between World Wars I and II. The display includes some 200 paintings and drawings by artists such as Max Beckmann, Otto Dix and Georges Grosz; giving an overview of German art in this period. The works come from the collection of Marvin and Janet Fishman; to Sep 8

HAMBURG
OPERA
Hamburgische Staatsoper Tel: 49-40-351721
● Don Giovanni: by Mozart.

Conducted by Bernhard Klee and performed by the Staatsoper Hamburg. Soloists include Orpansova, Gustafsson and Rossmanith; 6pm; Sep 1

LONDON
CONCERT
Royal Albert Hall Tel: 44-171-5896212
● Orchestra of the Eighteenth Century: with conductor Frans Bruggen and violinist Thomas Zehetmair perform works by Haydn, Rameau and Beethoven. Part of the BBC Henry Wood Promenade Concerts (Proms); 2.30pm; Sep 1

LOS ANGELES-MALIBU
EXHIBITION
The J. Paul Getty Museum Tel: 1-310-459-7611
● The Compositional Drawing from the 18th to the 19th Century: an exhibition exploring how great masters, including Michelangelo, Salvator Rosa and Théodore Géricault, used drawings to develop compositional ideas for paintings, sculptures and prints. Several of the compositional drawings are exhibited together with photographs of the finished works they anticipated. Among the highlights are Paolo Veronese's "Martyrdom of Saint Justina" (1575), a large preparatory drawing for the altarpiece in the church of Santa Justina, Padua (1574-75), and Jacques-Louis David's "The Victors Carrying the Body of

Brutus" (1787) that set forth the main concepts for the painting of 1788 (Paris, Musée du Louvre); to Dec 8

MADRID
EXHIBITION
Palacio de Velázquez Tel: 34-1-573-82-45
● Cindy Sherman: exhibition of a selection of some 70 photoworks featuring examples of her "Untitled Film Stills" of 1977-1980 which brought Sherman international recognition. Also on show are works from her most extreme photo-series "Diagust Pictures" (1986-1989), "Sex Pictures" (1992) and "Horror Pictures" (1995), the most recent of which have not been exhibited previously; to Sep 22

NEW YORK
EXHIBITION
MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400
● Picasso and Portraiture. Representation and Transformation: exhibition surveying the portrait work of Pablo Picasso (1881-1973). Beginning with early studies from the artist's years in Barcelona, the exhibition moves through Picasso's life via intimate portrayals of his family, lovers and friends, including his childhood friend and later secretary Jaime Sabartés, the poet Max Jacob, Picasso's first great love Fernande Olivier, and Jacques Pissarro, the artist's wife in the 1920s, and his last wife,

Jacqueline. The display comprises more than 130 paintings, approximately 100 drawings and prints, and one sculpture. Photographs and brief biographical notes on the sitters accompany the portraits; to Sep 17

OSLO
THEATRE
Nationaltheatret Oslo Tel: 47-22-411640
● The Pretenders: by Ibsen. Directed by Terry Hands and performed by the Nationaltheatret. The cast includes Sverre Anker Ousdal and Torvald Maurstad. Part of the Ibsen Stage Festival; 7.30pm; Aug 30, 31 (6pm)

PARIS
EXHIBITION
Centre Georges Pompidou Tel: 33-1-44 78 12 33
● Frédéric J. Kiesler: retrospective exhibition devoted to the architect/artist Frederick Kiesler (1890-1965). The display gives an overview of his architectural designs and ideas and shows a selection of his paintings, sculptures, installations, stage designs and other works; to Oct 21

SAN DIEGO
EXHIBITION
San Diego Museum of Art Tel: 1-619-232-7951
● Discovering Ellis Ruley: traveling exhibition featuring approximately 60 paintings by African American folk artist Ellis

Ruley (1882-1959); from Aug 31 to Oct 27

SAN FRANCISCO
EXHIBITION
SFMOMA - Museum of Modern Art Tel: 415-357-4000
● The San Francisco School of Abstract Expressionism: this exhibition explores the work of the Abstract Expressionist movement on the West Coast and includes approximately 65 works by artists such as Jay DeFeo, Richard Diebenkorn, Sonja Gechtoff, Walter Kuhlman, John Saccaro and Clyfford Still. Known at the time as "free-form painting", these works of the 1940s and 50s were inspired by the natural beauty of the West Coast, as well as by jazz and Beat poetry; to Sep 29

ZURICH
EXHIBITION
Kunsthau Zürich Tel: 41-1-2516765
● Pierrick Sorin: Video-Installation: exhibition featuring the video art of Pierrick Sorin. The display includes works created between 1990 and 1996. The subject in all of Sorin's works is the artist himself; from Aug 30 to Oct 27
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Thursday August 29 1996

The route to open skies

British and US negotiators say their aviation talks have broken down because they interpret the term "open skies" differently. The real difficulty is that neither country shows a genuine commitment to open aviation, preferring to promote the narrow interests of national airlines.

The US is demanding full access to the UK air market, and particularly to London's Heathrow airport, as well as the right for its carriers to fly to third countries - known as "beyond rights". While these demands are legitimate, they are unconvincing from a country whose enormous domestic air market is closed to foreign competition and which limits foreign ownership of its airlines to 25 per cent of voting stock.

While Britain is justified in demanding that these restrictions be removed, it is wrong to insist it will only conclude an open skies agreement if the US authorities simultaneously grant anti-trust immunity to the proposed alliance between British Airways and American Airlines.

Aviation alliances come and go, as evidenced by the recent rupture in relations between BA and USAir. A new US-UK aviation agreement should establish an enduring framework for vigorous competition between airlines, providing them with an incentive to improve service and lower fares. As things stand, the UK government gives the appearance of being prepared to negotiate only because BA has asked it to. Having determined that an open skies agreement is the price to be paid for US approval of its alliance.

Foreign ownership

There are two further issues: Heathrow access and foreign ownership. Whatever US airlines believe, Heathrow is congested. There is some scope for increasing the number of slots available, although such a move could face furious local opposition. The two governments need to study together how to find more space at Heathrow. US airlines might have to accept that, even under a liberal regime, building a position at the airport might take some years.

Foreign ownership presents different problems. Airlines from each country would like to invest in carriers in the other as a cheaper way of obtaining beyond rights. The UK does not have the power on its own to raise the EU limit on foreign ownership of airlines above the present 49.9 per cent. The US government can, however, commit itself to winning legislative approval for lifting its own limit to the EU level. Removing limits entirely could then be left to negotiations between the US and the EU.

Further ahead, there is no reason in principle why aviation should be different from any other global industry, free from carve-ups between countries or trade blocs. Real open skies between the world's two biggest aviation powers would be an excellent start.

Overcoming obstacles

To overcome the obstacles to a new agreement, the two governments need to decouple the proposed BA-American tie-up from the open skies issue. A liberalised aviation market is good for itself. BA and American's proposal to combine operations should be judged on its merits by competition authorities on both sides of the Atlantic. In deciding whether to approve the

Power to Mr Lebed

The spectacle of Russian troops gradually withdrawing from the half-ruined city of Grozny is a tribute to the remarkable, if precarious, achievements of Mr Alexander Lebed, Russia's national security chief, in negotiating a possible end to the disastrous Chechen war.

Whatever the final outcome of his efforts, he has already proved that there is nothing inevitable about the region's slide into endless bloodshed and misery. With the right mixture of boldness and pragmatism, the stand-off between Chechnya's unyielding rebels and Russia's reluctant soldiers can be defused. If all goes well, military disengagement will create an environment in which the issue of Chechnya's future can be resolved - or at least finessed - in a civilised way.

The proposal under discussion for a referendum on sovereignty in five years' time offers one way of achieving this.

So far at least, the tough-talking officer has disappointed those rivals in the Kremlin who hoped his assignment to handle the conflict would be a poisoned chalice. He has also managed to hold back these hardliners in the Russian security forces who favour a massive counter-attack on the rebels who seized much of Grozny three weeks ago.

Given that such an offensive could hardly be mounted without compounding an already appalling civilian death toll, the city's hard-pressed residents have reason to thank Mr Lebed. But with Mr Boris Yeltsin, the president, virtually absent from public affairs and giving oddly conflicting signals, it is still unclear who will prevail.

Credible peacemaker

Every previous attempt to end the blood-letting has been cynically sabotaged. Yet Mr Lebed has already established himself as a more credible peacemaker than anybody else who has tried to play that role. He has established a sound working relationship with the rebel leaders, having gained their trust by dismissing the pro-Moscow Chechens who nominally wield

power as irrelevant puppets. This has encouraged the feeling that if anyone can bring peace to Chechnya, it is Mr Lebed.

The fact that peace hopes focus so heavily on one person has its disadvantages. Because of his high profile, Mr Lebed has to contend with the jealousy of fellow doves, as well as outright opposition from hawks. There is a suspicion that moderates like Mr Anatoly Chubais, the presidential chief of staff, and Mr Viktor Chernomyrdin, the prime minister, would not welcome a peace deal that boosted Mr Lebed's prestige.

Practical objections

Nor, indeed, should the west be stary-eyed about Mr Lebed's reasons for favouring an end to the war. His objections are on so much moral or legal as practical: the war is a disastrous distraction from the task of refashioning Russia's army into a smaller but more effective fighting force.

If western leaders were really as cynical as Russian nationalists believe, they might be tempted to fold their arms and let the Chechen war rage on, confident that it would drain Moscow's ability to make trouble in other regions.

But the reverse also applies. By pressing for an early end to the war, and underlining their support for Mr Lebed's peace efforts, western governments can make it plain that they do not regard a revived, self-confident Russia - free of the Chechen millstone - as threatening or undesirable. This point should be made as forcefully as possible by Mr Helmut Kohl, German chancellor, who has fared better than Mr Lebed in gaining access to the elusive Russian president and will meet him next week.

At times, western leaders have hesitated to comment on Russia's internal affairs for fear of embarrassing their supposed friends. But they should not hold back from telling Mr Yeltsin of their support for Mr Lebed's peace efforts. After all, Mr Lebed is in no danger of being branded a western stooge.

The FT Interview • Ferdinand Piëch

Relentless driver of change

The chairman of Volkswagen tells Haig Simonian his strategy for raising the efficiency of Europe's largest carmaker

Mr Ferdinand Piëch, chairman of Volkswagen, Europe's biggest carmaker, has a reputation as the rottweiler of the world motor industry. Subordinates summoned to his panoramic offices overlooking the smokestacks of the company's vast Wolfsburg plant in Lower Saxony often leave without their dignity. Some depart without their jobs.

Of the 10 members of VW's management board when Mr Piëch moved over in 1993 from running the company's Audi subsidiary, only one remains. One, Mr Ulrich Seiffers, VW's former head of research and development, has the dubious distinction of having been sacked twice.

Such relentless change is part of Mr Piëch's drive to transform VW from Europe's least efficient car manufacturer into its best. "I'm about 25 per cent of the way," he says.

Volkswagen ranks not far behind General Motors and Toyota in the global league table of carmakers. Last year it built 3.24m cars - almost 10 per cent of the private vehicles made - under four brands: VW and Audi in Germany, Seat in Spain and majority-owned Skoda in the Czech Republic. Outside Europe, it vies with GM as the biggest carmaker in south America and it is uncontented leader in China.

But half the group's output comes from its six plants in Germany which account for 95,000 employees - 60 per cent of the total workforce. It is the inefficiency of VW's core German manufacturing activities which have marred its performance. Wolfsburg, built in the 1930s to produce the original "people's car" is the biggest single plant, with 45,000 employees and focal point of the problem.

But attempts to cut jobs and introduce flexible working are opposed by Germany's trade unions - with the backing of the state government of Lower Saxony, which owns 20 per cent of its shares. Even rottweilers, it seems, can be muzzled.

Despite this, Mr Piëch can point to some achievements. This year's first-half results showed a strong recovery in net profits which nearly tripled to DM282m (£123m). Sales in mostly lacklustre markets, were up almost 14 per cent to DM50.5bn - a rise well ahead of most of its competitors. In the first seven months of this year, the group's share of the west European market reached a record 17.4 per cent.

Such buoyancy prompted a company prediction that full-year profits would exceed last year's DM336m. The pre-tax margin remains a paltry 1.8 per cent - about a third the margin at Mercedes-Benz, another overstaffed German carmaker, which makes more profitable luxury cars. "VW has a number of unresolved problems not least of which is its staff overhead in Germany," says Ms Sabine Blumel, motor industry analyst at IBI Sigeco, an Italian investment bank in London. To reach his goal of almost quadrupling margins by 2000, Mr Piëch is rationalising VW's model range. The aim is to reduce the number



'No factory in the world has made as much progress on efficiency with unions and management intact as Wolfsburg'

Ferdinand Piëch



of basic engineering structures (platforms) built at the group's factories worldwide from 16 to just four. Although the number of platforms will fall, each will be designed to accommodate a variety of styles - allowing VW to produce cars to suit each brand and regional subsidiary.

This "platform strategy" should reduce development costs and offer big savings on production engineering. The economies of scale in making larger quantities of similar vehicles should also cut spending on components.

"Rationalising the platforms is the single most important part of the strategy. Then you start to get the benefit of volumes," says Mr Piëch.

Already VW's new Passat upper-medium car, launched this week, has much in common with the highly successful Audi A4 small executive model produced in late 1994 as the first in the new strategy. Although outwardly very different, the two share engines, brakes and hundreds of smaller components. "About 90 per cent of the things which aren't noticeable are the same.

The remainder, which define the car's character, are different," says Mr Piëch. "Both feel completely dissimilar."

The full benefits will not come through until 1998, when all VW's new generation of smaller cars and most of its bigger, upper-medium-sized models will be designed around two platforms. "These are the profit carriers for the group," he says. When complete, the process should save about DM3bn a year.

With fewer platforms to make, the extent of the group's over-staffing in Germany will become an increasing problem. To preserve jobs, VW's unions agreed in 1994 to a four-day week for the then 50,000 Wolfsburg workers. The unorthodox approach was later extended to the end of next year. But the unions have refused to consider involuntary redundancies - supported indirectly by local politicians from all parties.

Mr Piëch argues VW and its unions have been quietly making its German plants more efficient since the glare of publicity. VW's group headcount in Ger-

many fell by 2.9 per cent in the first half of 1996, continuing a gradual but steady erosion. Wolfsburg and the other German plants have also become more flexible, he says.

Even the relatively labour-intensive third-generation Golf has benefited from the efficiency improvements instigated by Mr Piëch. In the past four years, the time taken to build it has been reduced from 42 to 30 hours.

The smaller Polo is now made at Wolfsburg in half the 28 hours previously taken (admittedly after a model change). A few, smaller urban cars, which could be released before the end of the year, is expected to take just seven hours to build.

"No factory in the world has made as much progress on efficiency with unions and management intact," says Mr Piëch. He says that in efficiency terms, Wolfsburg is in the middle of the European league table. "I want to make it the best."

Outside Germany, Volkswagen is at the forefront of innovations such as modular manufacturing and outsourcing, says Mr Piëch.

New plants in the Czech Republic and in Brazil transfer work from assembly-line staff to cheaper components suppliers. At Skoda's new Octavia factory at Mlada Boleslav, for example, 13 important groups of components, such as the dashboard, come ready-assembled from suppliers.

Much of this is influenced by Mr José Ignacio López, VW's purchasing and production guru whom some car analysts see as a pioneer in redefining the way vehicles are built. Mr López was recruited from General Motors in the US three years ago in a legal row in which the US company accused him and associates who moved to VW of taking allegedly secret documents.

Mr Piëch declines to comment on the unresolved court battle in Germany and the US with GM. "We are confident the judges will decide correctly, wherever they are," says Mr Piëch.

But whatever the influence of Mr López, outsourcing and modular construction remain taboo at Wolfsburg. "It is true VW has more insourcing in Europe and more outsourcing abroad," says Mr Piëch. "But there is no patent solution."

For now, VW's subsidiaries abroad will be used to pioneer unusual cars or novel production techniques. "What works well can be carried over to the rest."

And he believes it will be possible - eventually - to implement the newly gained knowledge at Wolfsburg. "You must explain through discussion; we have structural problems; we must solve them together. What does the worker with such partners is to surprise them."

A key to success in such persuasion may be the greater competition Mr Piëch has introduced between VW's brands and plants. Last year, the group surprised its German workers by marketing a four-door version of the Polo, called the Polo Classic. It is in fact a lightly modified Seat Cordoba saloon made in Spain and sold in Germany as a VW.

Such rivalry will reach greater proportions when VW's new car and engine factories in the former Communist east Germany come on stream. The new factories at Mosel and Chemnitz - at the centre of a row between the European government and the state government of Saxony over investment grants - will produce much the same cars and engines as VW's older German plants. Wages and conditions, however, will be "appreciably lower" than at Wolfsburg.

Mr Piëch ducks direct questioning about greater internal competition in the group. But he makes clear future models from Wolfsburg will have to meet precise productivity standards to ensure investment.

The rottweiler, it seems, may be getting its way with a bang, rather than a bite. "The influence of our big shareholder and the unions on us is well-meaning; it was not always so," he says. "They understand what must be changed. We have looked together for a way to solve our problems without publicity. I already have some flexibility in the factory."

OBSERVER

Pussycats get cream

George Simpson will not take easily to finding himself at the centre of the latest UK ding-dong over executive pay. A quiet, personable and clever chap who is prone to colour up at the slightest hint of embarrassment, he seems a much cuddlier fat cat than some.

But the bulging bag of swag and shares awaiting the mild-mannered Scottish accountant at General Electric Company means he may get a rough ride from some shareholders at next Friday's annual meeting.

An annual package worth up to £1.5m puts Simpson ahead of most colleagues in the engineering sector, though not that far, given the £1.3m that went last year both to Sir Christopher Lewinton at TI Group and Greg Hutchings at Tomkins.

But if the fat really is going to fly over the latest case of alleged corporate mismanagement, both GEC and Simpson could do worse than cite yesterday's Labour Research document which identifies hundreds of UK company directors earning far more than Simpson for running far smaller businesses.

If investors still insist on playing fat cats, Simpson can

always show some claws. He could start by reminding Prudential Corporation, GEC's biggest shareholder, about problems earlier this year over its own executive bonus scheme - considered a mite too munificent by some institutions.

No collect call

For tens of thousands of obliging Italian and Spanish women, waiting for the urine collector to call could soon be a thing of the past.

Their donations - the 50m litres required this year would fill 10 Olympic-sized swimming pools to overflowing - have for years been picked up by drivers on behalf of Ares Sero, a Swiss company which purifies the urine for use in Metrodin HP, a hormone used in fertility treatment.

Having collected from 170,000 post-menopausal volunteers - some are once said to have raved among obliging donors - special containers are rushed to processing plants for purification.

But the vintage years will soon be over, despite yesterday's approval by the US Food and Drug Administration for the drug to be sold in the world's most important market.

Metrodin HP still needs urine as a raw material, but it is the last of its kind to do so. Now

obliging women are to be superseded by genetically altered cells which can mass-produce the required hormone in factories.

At that point, demand for their contributions simply dries up.

Understated

Half a century after the US told the 167 inhabitants of Bikini Atoll that it was moving them temporarily from their island for "the good of mankind and to end all world wars", a decision has been made to deal with the polluted topsoil that was the product of the 23 atomic and hydrogen bomb tests that followed their departure.

A ceremonial earth-burning has been pencilled in for November to herald the arrival of the bulldozers which will remove up to 38cm of the polluted soil.

Since their "temporary" evacuation, the Bikinians and their descendants have hardly been back.

Packed off initially to a neighbouring atoll 201km away with little water and food, they were shipped in 1955 to an even more inhospitable destination and vitiated courtesy of the US. In June 1968, President Johnson declared it was safe for them to return home. Seven years later, someone had second thoughts, and off they went again.

Islanders chose the bulldozer route in preference to the suggestion of a chemical treatment to eliminate the dangerous radioactive caesium 137. "After all that has happened to them, the Bikinians do not trust experiments like that," said Jack Niedenthal, the Bikini Island liaison officer.

Small change

Italian lira notes - with their many zeros - can easily be mistaken for Monopoly money, but this is getting ridiculous.

A colleague this week used the automatic teller machine in the lobby of Banca Commerciale Italiana's head branch in Rome. Out popped a single L100,000 note, worth roughly £40. Few bars are willing to change such large denomination notes, so the customer tried to change it for smaller notes at the bank's counter. Only to be told the note was counterfeit - another statistic for the Bank of Italy, which discovered more than 72,000 phoney banknotes last year.

Privatised just over two years ago, Banca Commerciale Italiana has been a disappointment for shareholders. But surely it's not in such trouble that it needs to print its own cash - as Banco di Napoli, now being salvaged after losing L2,200m last year and L1,100m in 1994, did until 1992.

Financial Times

100 years ago

Franco-Japanese treaty
The new treaty between France and Japan provides for the abolition of the extra-territorial jurisdiction in Japan and for the establishment of the most-favoured nation treatment between the two countries. France thus adopts the course adopted originally by England and subsequently by Germany, the United States, and other countries.

50 years ago

Palestine Finance
The increase of money in circulation owing to military expenditure and Jewish capital import, plus the immigration after 1933 of security dealers, has led to the development in Palestine of an important securities market. The main centre for this is Tel-Aviv, where dealers meet daily at the office of the Anglo-Palestine Bank in order to establish official prices for a number of securities. The total value for these securities amounts to about £14 millions of which £5 millions represents Palestine Government bearer bonds, £3 millions other bonds and £5.5 millions in Preferred and Ordinary shares.

Besides this official market, there is an outside market in Government bearer bonds in which there is considerable speculation owing to the lottery attached to them.

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FINANCIAL TIMES

Thursday August 29 1996

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'Historic' moment for South African economy Black shareholders in biggest ever asset deal

By Roger Matthews in Johannesburg

The biggest ever transfer of assets to black shareholders in South Africa was signed in Johannesburg yesterday. Anglo American, the country's largest conglomerate, has agreed to sell most of its nearly 48 per cent stake in Johnnic, a diversified industrial and media group, to the National Empowerment Consortium (NEC).

can National Congress, left parliament in May to become executive deputy chairman of New Africa Investments, South Africa's biggest black company, which recently joined NEC. The consortium has bought an initial 30 per cent of Johnnic at a cost of just over R1.5bn (\$95m). The R50 a share paid represents a nearly 7 per cent discount on Johnnic's average price over the last two months.

minority stakes in leading companies, such as South African Breweries, Toyota South Africa and Times Media, owner of the weekly Financial Mail and the business daily, Business Day. Anglo's total stake in Johnnic is valued at over R4bn. Mr Ramaphosa said he was confident members of the NEC would have no problems in raising the funds for the initial purchase, and it might even be oversubscribed.

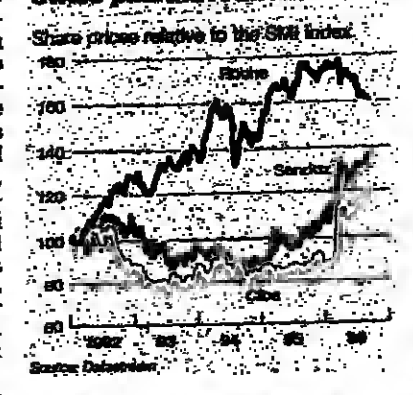
Kohl urges Yeltsin to end war in Chechnya

By Chrystis Fretland in Moscow and Michael Lindemann in Bonn

Mr Helmut Kohl, German chancellor, yesterday urged Mr Boris Yeltsin to end the "terrible suffering" in Chechnya in a telephone conversation with the seceded Russian president, and announced he would visit Russia next week. But the judge from Russia's best friend and most generous bankroller in the west was not enough to secure an unambiguous presidential endorsement of the peace-making efforts of the Russian government.

THE LEX COLUMN Tankan troubles

FT-SE Eurotrack 200: 1725.6 (+3.7) Swiss pharmaceuticals



mercially-driven approach, that will be much better for investors than the nationalisation and/or heavy regulation that could result if blacks were kept out of economic power.

of hostile bids is well known. But pressure for a corporate move of some sort is mounting.

Hanson The demerger of Imperial Tobacco and Millennium Chemicals reveals little evidence of hidden value in their parent, Hanson. Millennium talks of bid approaches and share buy-backs. Takeovers are unlikely, given a poison pill defence and the burden of the chairman's contractual pay-off, and share buy-backs are a distant prospect, given its £1.3bn of debt. A valuation of 30p per Hanson share looks fair.

Swiss pharmaceuticals Switzerland's big drug companies have not distinguished themselves in the first half of 1996. Reported sales growth, cost savings and margins at Ciba, Sandoz and Roche all came in at the low end of expectations - and below the best levels achieved by their international peers.

South Africa It is dangerous to be ruled by people who have no stake in the economy. That was the rationale for Anglo American giving the Africans a stake in South Africa's mining business in the 1960s. The same rationale underpins the long-awaited sale of part of its industrial holding company Johnnic to black investors.

Hambros Hambros has long looked ripe for a break-up bid. On most calculations, the venerable merchant banking group's shares trade at a big discount to the sum of its parts. Its botchpotch of different businesses - estate agency, insurance loss-adjusting and various niche operations in addition to mainstream merchant banking - do not obviously hang together.

Additional Lex comment on W H Smith, Page 14

Major faces further strife over EU beef export ban

By Caroline Southey in Brussels, George Parker and Alison Maitland in London

Mr John Major, the UK prime minister, faced the prospect of renewed civil war inside the Tory party over Europe last night, after EU officials warned of inevitable delays in the lifting of the ban on British beef exports. EU officials said the framework for lifting the ban agreed at the Florence summit in June would have to be revised in the light of new evidence on the possible spread of BSE, or mad cow disease, from mother to calf and from cattle to sheep.

that BSE could be transmitted from cow to calf. In addition, evidence has emerged suggesting the disease could be transmitted to sheep. Mr Major promised in June that measures would be in place by November to combat BSE and thus to secure a lifting of the EU ban. Tory Eurosceptics have interpreted the November target as a firm deadline for a lifting of the ban, after which they warn they will resume their hostilities towards Brussels.

of the Florence agreement in the light of the new evidence. There are also concerns about Britain's ability to implement the terms of the agreement, particularly as a comprehensive cull of British cattle underpins the deal. "A number of member states are concerned about the way the UK has acted on the plan so far. There has not been a great deal of progress," said a Dutch official.

Thai bank

Continued from Page 1

sales and a price war in the first half of this year. Siambank-ETC expects to double production to 1m units by 1997. The company aims to produce between 1.5m and 2m units by 2000. CP Group will also lead a group of Thai investors in building a \$300m shopping centre in Pudong specialising in food products.

Sweden unsure on Emu

Continued from Page 1

denied they had shifted from their fundamental support for Swedish membership of Emu. They said they wanted to stimulate a full public debate on the issue before a vote on Sweden's position in parliament in October next year. "Persson and Asbrink are keen to avoid a 'No, Never' decision," a senior government adviser said. "They want

to keep open the door to persuading people." Further complications arise from the fact that the SDP relies on the small anti-Emu Centre party for its governing majority, and that joining Emu could require a change in the constitution. Emu opponents could then force a referendum by mustering a one-third block in parliament - a vote the pro-Emu camp could easily lose.

Editorial Comment, Page 9

Leading the way in Croatian banking

Zagrebačka banka is Croatia's largest private bank with total assets of \$3.2 billion and 66% of its shares in the hands of individuals and private corporate investors. It is the clear leader in international banking in Croatia and has initiated several pioneering transactions that have helped open up the country's financial markets.

- ◆ First Croatian commercial bank to receive a loan from the European Bank for Reconstruction and Development. The credit totalled DEM 56 million and was the EBRD's first private sector transaction in Croatia.
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FT WEATHER GUIDE Europe today Most of the British Isles will have sunny periods, except for south-east England where it will be windy and wet. Westery gales will accompany heavy rain in the Benelux. Rain is also expected in southern Sweden and Norway. Germany will have sunny spells. Thunder showers will follow a front moving eastwards through eastern Europe and the western Balkans. Patches of sun are expected in France with showers in the south. Thunder storms will affect eastern Spain, southern Spain, Portugal and central Italy will be sunny. Five-day forecast Showers are expected to continue in the British Isles. Winds will weaken in the Benelux, but showers will persist. Thunder storms will affect eastern Europe, the Balkans, southern Italy and eastern Spain. TODAY'S TEMPERATURES Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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